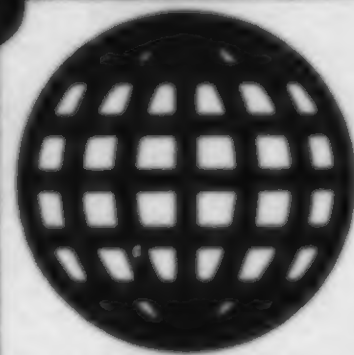




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East Asia

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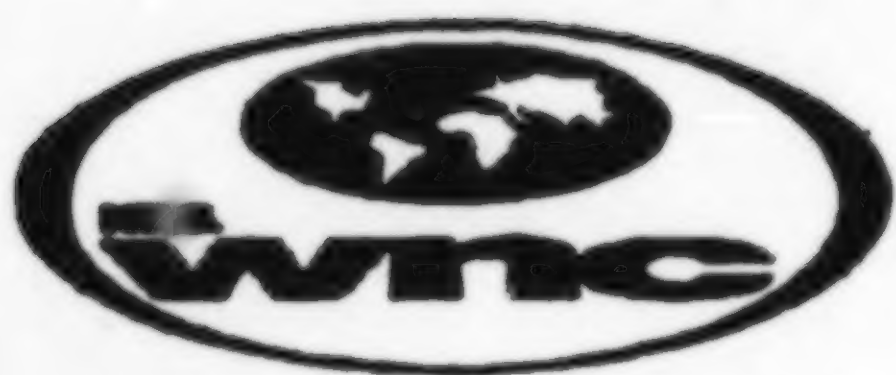
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Daily Report

East Asia

FBIS-EAS-96-024

CONTENTS

5 February 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTER-ASIAN AFFAIRS

'Successful' Asian Foreign Ministers Meeting Concludes [Bangkok Radio]	1
Asia-Europe Ministerial Meet Planned Alongside Summit [THE NATION 3 Feb]	1
Officials Comment on Outcome of Asian Ministers Meeting [THE SUNDAY POST 4 Feb]	2
Officials Comment on ASEAN Nuclear Free Zone Treaty [THE SUNDAY NATION 4 Feb]	3
Officials To Downplay Human Rights at Asia-Europe Summit [THAILAND TIMES 3 Feb]	4
ASEAN To Seek Support for Nuclear Free Zone Treaty [THE NATION 3 Feb]	4
Malaysian Official Discusses Asian Ministers Meeting [Kuala Lumpur TV]	5
Malaysian Officials Comment on Human Rights Issue, ASEM [SUNDAY STAR 4 Feb]	6
Thai Foreign Minister Views Narcotics Issue, Khun Sa Deal [THE SUNDAY NATION 4 Feb]	6

NORTHEAST ASIA

Japan

Japan: Cargo Aviation Talks With U.S. Begin [KYODO]	8
Tokyo Aviation Negotiators on 'Yawning Rift' With U.S. [KYODO]	8
Japan: MITI Opposes Renewal, Changes to Semiconductor Accord [MAINICHI SHIMBUN 2 Feb]	8
Japan: Editorial Evaluates U.S. Discount Rate Cut [YOMIURI SHIMBUN 2 Feb]	9
Japan: SDF's Cooperation With U.S. Not Limited to PKO [KYODO]	10
Tokyo To Stress Priority of Security in Land Rental Case [KYODO]	11
Japan: Governor Ota on Forced Rental of Land to U.S. [KYODO]	11
Japan: Joint Statement With U.S. Likely To Exclude Number of USFJ [YOMIURI SHIMBUN 4 Feb]	12
Japan: Okinawa Not To Compromise on Return of Futenma Airbase [RYUKYU SHIMPO 4 Feb]	12
Japan: DFAA Chief on Relocation of Live-Fire Sites [OKINAWA TIMES 3 Feb]	13
Japan: MOFA Official on Possible Reduction of USFJ Strength [YOMIURI SHIMBUN 2 Feb]	13
Japan: Okinawa Mission Pleased With U.S. Stance on Bases [KYODO]	13
Japan: Okinawa Mission Ends Washington Visit, Leaves for Hawaii [OKINAWA TIMES 4 Feb]	14
Japan: Tokyo at Loss How To Tackle Asia-EU Summit in Mar [NIHON KEIZAI SHIMBUN 29 Jan]	14
Japan: Tokyo, Brunei Reaffirm Cooperation in Reactor Consortium [KYODO]	15
Japan: Thailand Calls for Tokyo's Role in Mekong Scheme [KYODO]	15
Japan: Hashimoto Vows To Consult With Seoul on Aid to DPRK [KYODO]	16
Japan: DPRK Official on Food Aid, Ties With U.S. [NIHON KEIZAI SHIMBUN 3 Feb]	16
Japan: Ikeda Meets Qian Qichen, Urges Halt to PRC Nuclear Tests [KYODO]	17
Tokyo Sympathizes With PRC Over Earthquake, Offers Aid [KYODO]	17
Japan: Panel Urges Extending Yen Loans To Private Sector Projects [NIHON KEIZAI SHIMBUN 3 Feb]	18
Japan: Hashimoto 'Has No Plans' To Cancel Use of Public Funds [KYODO]	18
Japan: Government Submits List of Housing Loan Borrowers [KYODO]	19
Japan: Further on Government Supplying Diet With 'Jusen' Data [KYODO]	20
Tokyo Rules Out Central Bank, Public Loans to 'Jusen' [KYODO]	20
Japan: Kubo Says Tokyo Must 'Stick' to 'Jusen' Disposal Plan [KYODO]	21
Japan: MOF Said Aware of 'Jusen' Financial Crisis 4 Years Ago [KYODO]	21
Japan: Mortgage Firms Holding Huge Latent Investment Losses [KYODO]	21

Daily Report

East Asia

FBIS-EAS-96-024

CONTENTS

5 February 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTER-ASIAN AFFAIRS

'Successful' Asian Foreign Ministers Meeting Concludes [Bangkok Radio]	1
Asia-Europe Ministerial Meet Planned Alongside Summit [THE NATION 3 Feb]	1
Officials Comment on Outcome of Asian Ministers Meeting [THE SUNDAY POST 4 Feb]	2
Officials Comment on ASEAN Nuclear Free Zone Treaty [THE SUNDAY NATION 4 Feb]	3
Officials To Downplay Human Rights at Asia-Europe Summit [THAILAND TIMES 3 Feb]	4
ASEAN To Seek Support for Nuclear Free Zone Treaty [THE NATION 3 Feb]	4
Malaysian Official Discusses Asian Ministers Meeting [Kuala Lumpur TV]	5
Malaysian Officials Comment on Human Rights Issue, ASEM [SUNDAY STAR 4 Feb]	6
Thai Foreign Minister Views Narcotics Issue, Khun Sa Deal [THE SUNDAY NATION 4 Feb]	6

NORTHEAST ASIA

Japan

Japan: Cargo Aviation Talks With U.S. Begin [KYODO]	8
Tokyo Aviation Negotiators on 'Yawning Rift' With U.S. [KYODO]	8
Japan: MITI Opposes Renewal, Changes to Semiconductor Accord [MAINICHI SHIMBUN 2 Feb]	8
Japan: Editorial Evaluates U.S. Discount Rate Cut [YOMIURI SHIMBUN 2 Feb]	9
Japan: SDF's Cooperation With U.S. Not Limited to PKO [KYODO]	10
Tokyo To Stress Priority of Security in Land Rental Case [KYODO]	11
Japan: Governor Ota on Forced Rental of Land to U.S. [KYODO]	11
Japan: Joint Statement With U.S. Likely To Exclude Number of USFJ [YOMIURI SHIMBUN 4 Feb]	12
Japan: Okinawa Not To Compromise on Return of Futenma Airbase [RYUKYU SHIMPO 4 Feb]	12
Japan: DFAA Chief on Relocation of Live-Fire Sites [OKINAWA TIMES 3 Feb]	13
Japan: MOFA Official on Possible Reduction of USFJ Strength [YOMIURI SHIMBUN 2 Feb]	13
Japan: Okinawa Mission Pleased With U.S. Stance on Bases [KYODO]	13
Japan: Okinawa Mission Ends Washington Visit, Leaves for Hawaii [OKINAWA TIMES 4 Feb]	14
Japan: Tokyo at Loss How To Tackle Asia-EU Summit in Mar [NIHON KEIZAI SHIMBUN 29 Jan]	14
Japan: Tokyo, Brunei Reaffirm Cooperation in Reactor Consortium [KYODO]	15
Japan: Thailand Calls for Tokyo's Role in Mekong Scheme [KYODO]	15
Japan: Hashimoto Vows To Consult With Seoul on Aid to DPRK [KYODO]	16
Japan: DPRK Official on Food Aid, Ties With U.S. [NIHON KEIZAI SHIMBUN 3 Feb]	16
Japan: Ikeda Meets Qian Qichen, Urges Halt to PRC Nuclear Tests [KYODO]	17
Tokyo Sympathizes With PRC Over Earthquake, Offers Aid [KYODO]	17
Japan: Panel Urges Extending Yen Loans To Private Sector Projects [NIHON KEIZAI SHIMBUN 3 Feb]	18
Japan: Hashimoto 'Has No Plans' To Cancel Use of Public Funds [KYODO]	18
Japan: Government Submits List of Housing Loan Borrowers [KYODO]	19
Japan: Further on Government Supplying Diet With 'Jusen' Data [KYODO]	20
Tokyo Rules Out Central Bank, Public Loans to 'Jusen' [KYODO]	20
Japan: Kubo Says Tokyo Must 'Stick' to 'Jusen' Disposal Plan [KYODO]	21
Japan: MOF Said Aware of 'Jusen' Financial Crisis 4 Years Ago [KYODO]	21
Japan: Mortgage Firms Holding Huge Latent Investment Losses [KYODO]	21

ROK: U.S. Government To Stress Importance of Easing Military Tensions [Seoul Radio]	49
ROK: U.S. To Improve Visa-Issuing Procedures for South Koreans [YONHAP]	49
ROK: U.S. To Give DPRK 2 Million Dollars of Food Through WFP [YONHAP]	49
ROK Does Not Oppose U.S. Aid to DPRK on 'Small Scale' [YONHAP]	50
ROK: Seoul Getting 'Short End of the Stick' in U.S. Negotiations [THE KOREA TIMES 4 Feb]	50
ROK: Article Analyzes U.S. Policy To Ease Sanctions Against DPRK [CHUNGANG ILBO 5 Feb]	51
ROK: YONHAP Notes Clinton Decides Not To Visit ROK in Apr [YONHAP]	52
ROK: Foreign Minister Kong Interviewed on U.S. Aid, KEDO [HANGUK ILBO 5 Feb]	52
ROK: DPRK Said To Have Sent Letter to U.S. Denouncing Terrorism [Seoul Radio]	53
ROK: Foreign Minister Kong Vows To Aid DPRK if Tensions Reduced [YONHAP]	53
ROK: Private Groups Asked To Aid DPRK Through Single Conduit [YONHAP]	53
ROK: Kong Urges Japan To Ensure Transparency of Rice Aid To DPRK [YONHAP]	53
ROK: Kong Requests PRC Provide 'Status Quo' on Reverend An [CHOSON ILBO 3 Feb] ...	54
ROK: President Sends Condolences to Jiang Zemin on Earthquake [YONHAP]	54
ROK: Meeting of Asian Foreign Ministers Concludes in Phuket [YONHAP]	54
ROK: Official Hints That EU May Be Allowed To Join KEDO [THE KOREA HERALD 3 Feb]	55
ROK: Foreign Ministry: Cost to ROK of LWR Project Still Unknown [YONHAP]	55
ROK: Ministries Engaged in Dispute Over Yonggwang Atomic Plants [CHOSON ILBO 3 Feb]	56
ROK: ROK Christian Group To Send Delegation to DPRK in Mar [YONHAP]	56

SOUTHEAST ASIA

Burma

Burma: Government Troops Take Over Khun Sa Positions on Border [BANGKOK POST 5 Feb]	57
Burma: MTA 'Source': Khun Sa 'Likely' To Move to Rangoon [THE SUNDAY POST 4 Feb]	57
Burma: Surrender of Additional MTA Members Reported [Rangoon TV]	57
Burma: Karen Buddhists Threaten To Step Up Attacks in Tak [BANGKOK POST 5 Feb]	58
Burma: State Service Personnel Delegates Group Holds Meeting 2 Feb [Rangoon Radio]	58

Cambodia

Cambodia: Government Forces Reportedly Seize 'Strategic' Hills [AFP]	59
Cambodia: 'Tussle' Between Khmer Rouge, Government Troops Reported [AFP]	59

Indonesia

Indonesia: Daily Opposes Raising East Timor Issue at ASEM [KOMPAS 5 Feb]	60
Indonesia: 'Around 90' Special Forces Withdraw From Irian Jaya [AFP]	61
Indonesia: OPM: Indigeneous Irianese Gripped by 'Fear' of ABRI [INDONESIA Listserv]	61
Indonesia: 'West Papua Forum' Urges Release of Irian Jaya Hostages [INDONESIA Listserv]	62
Indonesia: Indonesian Troops Clash With Pro-Independence Demonstrators [Melbourne International]	62
Indonesia: Implications of Current Account Deficit, Inflation Viewed [KOMPAS 1 Nov]	62
Indonesia: Minister Says Communism, Pancasila Incompatible [SUARA KARYA 26 Oct]	64
Indonesia: 'Nonintellectual' Pancasila Group Formed [SUARA KARYA 24 Oct]	65
Indonesia: National Security Concept Defined [SUARA KARYA 25 Oct]	66

Philippines

Philippines: Members of Unknown Group Arrested for Rail Station Bombing [The Journal Group WWW]	66
Philippines: Two MNLF Commanders Surrender to Military [Quezon City Radio-TV]	67
Philippines: Editorials Discuss 'Tin-Can Navy,' Vulnerable Territory [PHILIPPINE DAILY ENQUIRER 30 Jan]	67

Thailand

Thailand: Plans To Purchase More U.S. Tanks, Planes Reported [BANGKOK POST 5 Feb] ...	68
---	----

Thailand: Article Says WTO Issues To Dominate ASEM Agenda [<i>THE NATION 5 Feb</i>]	69
Thailand: Government Receives 'Mediocre Scores' in Nationwide Survey [<i>BUSINESS DAY 3 Feb</i>]	70

Vietnam

SRV: UN Under-General Secretary Concludes Visit [<i>VNA</i>]	71
SRV: Vo Van Kiet Discusses Drug Control With UN Official [<i>Hanoi Radio</i>]	71
SRV: Cambodian Interior Minister Invited for Border Talks [<i>Hanoi Radio</i>]	72
SRV: General Secretary Receives Portuguese Communist Delegation [<i>Hanoi International</i>] ...	72
SRV: Radio Notes Participation in Asian Ministers Meeting [<i>Hanoi International</i>]	72
SRV: Taiwan Investment Increases by 132 Percent in 1995 [<i>Hanoi International</i>]	72

'Successful' Asian Foreign Ministers Meeting Concludes

*BK0302084496 Bangkok Radio Thailand Network
in Thai 0530 GMT 3 Feb 96*

[FBIS Translated Excerpt] The meeting of senior officials and ministers from the ASEAN countries to prepare for the Asia-Europe summit scheduled for 1-2 March in Bangkok has concluded. Foreign Minister M.R. [Mom Ratchawong — royal title] Kasemsamson Kasemsi has said the meeting was a success.

According to a Radio Thailand correspondent in Phuket, Foreign Minister M.R. Kasemsamson said after the conclusion of the meeting of foreign ministers from ASEAN countries, China, South Korea, and Japan at the Banyan Tree Hotel in Phuket that the meeting was successful. The foreign ministers made suggestions on directions and ways of achieving constructive cooperation and established a common stand on what will be proposed at the Asian-Europe summit to be held 1-2 March in Bangkok. [passage omitted]

Asia-Europe Ministerial Meet Planned Alongside Summit

*BK0302102596 Bangkok THE NATION in English
3 Feb 96 p A 3*

[Report by Sa-nguan Khamrungrot, Don Pathan, and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Phuket — Foreign ministers of 10 Asian countries agreed yesterday to organize an Asia-Europe ministerial meeting concurrently with the historic Asia-Europe Summit in Bangkok on March 1-2.

The issue was raised after the 15-member European Union informed its Asian counterparts that some of its leaders could not, by law, travel abroad without their foreign ministers.

Sarot Chawanawirat, deputy permanent secretary of the Thai Foreign Ministry, told reporters that the Asian foreign ministers agreed during yesterday's meeting to hold two days of unofficial talks with EU ministers who must accompany their leaders.

He said the international ministers would certainly have issues to discuss during the ASEM [Asia-Europe Meeting], and that the ministerial agenda need not follow that of the leaders.

The meeting also agreed that the foreign ministers would attend the summit's opening and "wrap-up" sessions, Sarot said. He added that there would be no closing ceremony for the summit.

The wrap-up session "is important in that all leaders will be reviewing their decisions and the future measures to be taken", he explained.

It is not yet known if the ministerial meeting will be a regular event concurrent with every Asia-Europe summit. It has yet to be decided whether the ASEM is to take place every two or three years.

A Japanese spokesman said yesterday that Tokyo and some other Asian countries supported South Korea as the host of the third ASEM. The second ASEM will be held in a European country, to be decided "by consensus" by the 25 leaders at the first summit.

Sarot said he believed the Asian foreign ministers would be able to come up with a clean draft of the chairman's statement, the only document to be issued at the end of the upcoming ASEM.

He said he would travel to Rome on Feb 8-9 to meet and brief the EU and Italian officials on the results of the Asian ministerial meeting, and to finalize the draft statement. Italy is the current EU chairman, a position taken in rotation by EU member countries.

For the past few months the statement, which is being drafted by Thailand as host of the ASEM, has undergone several consultations with the Asian participants and between the Asian group and EU.

Sarot said senior officials and ministers of the two parties have still to work out which leaders will raise and lead the subjects to be discussed during the summit.

He said there was no fixed agenda for the summit talks, but both regions have worked out a rough "indicative list of topics" covering the promotion of political dialogues between Asia and Europe, the reinforcement of economic cooperation and the promotion of cooperation in social, cultural, environmental, and international crime and terrorism fields.

The deputy permanent secretary confirmed that the issues of human rights and labour standards would not be avoided at the ASEM, but pointed out that both continents needed a "clear understanding" of the sensitive subjects to determine the extent of discussion.

He said that EU countries have insisted that the principles of the Vienna Declaration, which came out of the World Conference on Human Rights in Vienna in June 1993, should be included in the chairman's statement.

Asian countries have argued that there also exist declarations on other issues that should also be stated in the final ASEM document.

ASEAN delegates said China has strongly protested against the EU position as it considered the inclusion

of the Vienna Declaration a criticism of China's human rights record.

The Chinese delegation suggested the chairman's statement should include other declarations, such as the one from the world social summit held in Copenhagen last year.

The Japanese spokesman said the Thai ministerial delegation told other Asian ministers yesterday that Thailand considered the ASEM a "constructive and forward-looking" platform, rather than a "confrontation forum".

Any participating countries are allowed to raise subjects they are interested in, including human rights, but there are certain degrees of discussion and criticism to be allowed per subject at the ASEM forum, he quoted the Thai team led by Foreign Minister Kasemsamoson Kasemsi as saying.

The spokesman said Japanese Foreign Minister Yukihiko Ikeda stressed that the budget was not a key matter in the United Nations restructuring, and stated that main concerns include intense discussions on the reform of the UN Security Council.

Over the last few years, Tokyo has been lobbying hard to obtain a non-permanent seat at the UN Security Council.

Ikeda called for the UN to expand the areas of concern to cover economic and social issues, and for Asia and Europe to work out a common stance on UN reforms.

Officials Comment on Outcome of Asian Ministers Meeting

BK0402093496 Bangkok THE SUNDAY POST in English 4 Feb 96 pp 1, 3

[Report by Somphon Thanapachai and Nutsara Thaithawat]

[FBIS Transcribed Text] Phuket — If the March 1-2 summit between Asian and European leaders is to be successful, only "relevant" issues should be addressed, and human rights is not one of these.

This was the message of Indonesia's Foreign Minister Ali Alatas, and also of Malaysia's permanent secretary for foreign affairs, Tan Sri Ahmad Kamil Jaafar.

Mr Ali Alatas told reporters yesterday:

"For the first dialogue to be successful, controversial and non-relevant issues should not be brought up.

"I can think of at least 10 issues that can seriously embarrass the Europeans, but we're not considering raising them."

Mr Alatas declined to say what these issues were, but Mr Kamil was more forthcoming. Speaking separately, Mr Kamil cited Bosnia, Chechnya and Northern Ireland.

"When we talk about human rights violations, look at Bosnia, look at Chechnya. Thousands are being killed in Bosnia, hundreds in Chechnya. What are the Europeans doing about Chechnya?"

"Are they doing enough in terms of telling the Russians not to move against Chechnya? Look at Northern Ireland isn't that something to do with violations of human rights?"

Two days of preparatory talks ended yesterday between ministers from the ten Asian countries at the Asia-Europe Meeting, ahead of another round of consultations with the European side on Thursday and Friday in Rome to be coordinated by Thailand and Italy.

Human rights is one of the issues the European side wants to raise at the first-ever meeting between Asian and European leaders.

"We're not afraid to talk about it but talk in a way that would help bridge understanding between the two regions," Mr Kamil said.

"We prefer that non-relevant issues not be brought up. We're talking about cooperation, about working together, not only for our own benefit but hopefully we will contribute to the whole world.

"Therefore issues that are not relevant should not be given emphasis."

The Asian side has expressed its readiness and willingness to discuss the matter as long as "differences in the socio-cultural backgrounds" of the two continents are taken into account.

Mr Kamil said Asian countries, including Malaysia, subscribed to the Universal Declaration of Human Rights.

Meanwhile Mr Sarot Chawanawirat, deputy permanent secretary for foreign affairs, told reporters that every country had the right during the summit to counter allegations of human rights violations specifically laid against them.

He was answering a question about Indonesia's annexation of the former Portuguese colony of East Timor.

But Foreign Minister M.R. [Mom Ratchawong — royal title] Kasemsomoson Kasemsi did not foresee a quarrel.

The 10 Asian leaders and their 15 European counterparts, plus the European Commission, were not heading to Bangkok to clash with one another.

"Anyway there won't be enough time to go into the specifics. The meeting is only one and a half days," M.R. Kasemsamoson said.

The Asian side includes Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, China, Japan and South Korea.

The European side is Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, the United Kingdom, and the European Commission.

Mr Sarot confirmed the prime ministers of Spain and Sweden would not be able to attend the meeting because of internal political reasons.

The second Asia-Europe Meeting will most likely be expanded to include Australia and India on the Asian side, and eastern European countries on the European side, Mr Sarot said.

The question of expansion was touched on during two days of preparatory talks between the foreign ministers of the ten Asian countries.

The foreign ministers will make their positions known to their respective leaders who will then decide on the matter, he added.

"We are aware that at the next meeting, there could be more participants," he said.

India, Australia, New Zealand, Eastern European countries and Russia have all expressed a willingness to participate in the next meeting.

Australia is particularly eager to participate in the March 1-2 meeting, but ASEAN wants the first ever gathering to comprise only a small number of countries.

Mr Sarot said the Asian countries are concerned that the summit meeting will expand too rapidly.

Asia wants to take it one step at a time and does not wish to see a repetition of what happened with the Asia Pacific Economic Cooperation, which evolved into an institution within three years of its launch in 1989.

South Korean foreign minister Kong No-myong on Friday proposed his country host the third meeting. The proposal has received cautious support from the other Asian countries — Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

"This might be too premature as the Europeans have not even officially proposed Britain to be the host of the second meeting.

"Asians are more cautious about institutionalizing forums; we prefer to take things one step at a time," said Mr Sarot.

The ministers wrapped up their second day of talks after less than two hours with some heading for the golf course while others began a series of bilateral meetings with their counterparts.

Singapore's Foreign Minister S. Jayakumar told reporters the Asian and European sides are "very close" concerning the overall context of the chairman's statement to be issued by summit host Prime Minister Ban-han Sinlapa-acha at the end of the meeting on March 2.

He said there is only one final matter remaining — the future course after Bangkok. Singapore views that the summit meeting should not be a "one off affair".

Officials Comment on ASEAN Nuclear Free Zone Treaty

BK0402100596 Bangkok THE SUNDAY NATION
in English 4 Feb 96 p A3

[Report by Sa-nguan Khumrungrot, Don Pathan, and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Indonesian Foreign Minister Ali Alatas expressed his optimism that the five nuclear powers would eventually subscribe to the Southeast Asian Nuclear Weapons Free Zone treaty by acceding to its protocol.

Alatas said Indonesia, which has been named by ASEAN as its key negotiator with the nuclear states, would continue to discuss the matter with each country separately.

The minister said the nuclear powers shared common "problems" or reservations over "the geographical scope of the treaty, (such as) where the boundaries are, where the treaty will be operational and whether it would include the EEZ (Exclusive Economic Zone) and the continental shelf".

"This will need to be discussed so that they can join the protocol... We are hopeful we will be able to reach an agreement with them," he said.

Alatas ruled out negotiation with the nuclear powers to review the contents of the treaty, which was signed by all 10 Southeast Asian countries last December.

But, he added, there are other ways in which the five nuclear countries could accept the principles of the treaty, such as amendment of its protocol.

"We already indicated at the fifth ASEAN Summit in Bangkok that we were flexible about the protocol, and that it could be adjusted," said Alatas. "But the treaty as such will remain as it is."

China and the United States were the treaty's strongest opponents, but the three other nuclear powers seemed more open to discussion on issues of concern, he said.

MR [Mom Ratchawong — royal title] Thep Thewakun, permanent secretary of the Thai Foreign Ministry, told **THE NATION** yesterday that the nuclear states, who also sit as permanent members in the UN Security Council, have insisted the treaty should not extend its scope to cover the 200-mile EEZ because doing so would be "encroachment on international rights of free passage over the EEZ".

He said ASEAN argued that the five nuclear powers should be satisfied the 10 Southeast Asian states "renounced" nuclear weapons in their region.

Officials To Downplay Human Rights at Asia-Europe Summit

BK0302100896 Bangkok THAILAND TIMES in English 3 Feb 96 p A 2

[Report by Saranyu Samakratkit]

[FBIS Transcribed Text] Phuket — The list of human rights issues to be tabled at the first Asia-Europe summit has to be reduced due to time constraints, a Thai Foreign Ministry official said yesterday.

"(In terms of human rights and workers' living standards) both sides should have a clear understanding that there is a certain limit that they should observe because we (Asia) have a different approach to the problem. We have a different attitude, a different way of thinking and background," the Foreign Ministry's Deputy Permanent Secretary Sarot Chawanawirat said yesterday.

Although the list of subjects for discussion was shortened, Asian countries participating in the summit are not shying away from human rights issues, said the official.

"This does not mean that (Asia) doesn't want to face the controversial issues," said Sarot after an informal meeting of 10 Asian foreign ministers held to prepare this region's portion of the ASEM [Asia-Europe Meeting] agenda. "We are willing and ready."

Representatives from China, Japan, South Korea and the seven ASEAN countries attended the meeting.

Vietnam's Foreign Minister Nguyen Manh Cam told the *Thailand Times* that he needed to consider the human rights issues in the context of the ASEM chairman's statement.

Responding to speculations that China's representative may have advised fellow Asian delegates to downplay human rights issues, Indonesian Foreign Minister Ali

Alatas said it didn't even come up for discussion at the meeting.

The outstanding issues on the European portion of the agenda are, predictably, the Indonesian campaign of genocide in East Timor and China's poor human rights record.

After a three-hour working dinner Thursday, Foreign Minister Kasemsamson Kasemsi said Asian representatives were not concerned about European countries raising human rights issues at the summit.

Following the public portion of the summit, the ministers met in private yesterday to discuss issues of mutual interest to the two regions.

Today, the ministers will "wrap-up" the session, reviewing their decisions and discussing new commitments.

It is not yet clear how many European ministers will attend the summit, said an official, adding that some simply could not commit to join the meeting.

The chairman's statement reviewed in the informal meeting of Asian representatives focused on enhancing economic cooperation between the two regions, promoting trade dialogues, and reinforcing existing economic arrangements, said Indonesia's Foreign Minister.

He said that it is necessary for Asia to strengthen its ties with the rest of the world, adding that supporting organizations such as trade and business councils will be instrumental in achieving this.

Thai and Italian representatives will meet in Rome on February 8 to discuss the outcome of the talks.

Countries participating in the ASEM include Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

ASEAN To Seek Support for Nuclear Free Zone Treaty

BK0302094496 Bangkok THE NATION in English 3 Feb 96 pp A1, A2

[Report by Sa-nguan Khumrungrot, Don Pathan, and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Phuket — ASEAN has embarked on an ambitious mission to persuade the five nuclear powers to endorse and accede to its nuclear-free document known as the Southeast Asian Nuclear Weapons Free Zone [SEANWFZ] treaty which it signed in December.

Foreign Ministry Permanent Secretary Thep Thewakun confirmed yesterday that Indonesia, on behalf of ASEAN, will hold talks with the five nuclear powers to encourage their accession to SEANWFZ, as it is known. The dates for the meeting have not yet been fixed.

Speaking while attending the ongoing meeting of 10 Asian foreign ministers here to prepare for next month's Asia-Europe Meeting (ASEM), Thep said Thailand acknowledged that three of the five nuclear superpowers would be at the summit but questioned whether the March 1-2 event in Bangkok was an appropriate forum for such a discussion.

His deputy Sarot Chawanawirat also said yesterday that ASEAN had agreed not to go into detail on the nuclear-free treaty issue at the upcoming ASEM summit because "ASEAN wanted to raise the issue at another round of discussions with the five major nuclear powers".

The Asian ministers began their two-day informal consultations yesterday to prepare discussion agendas for the upcoming summit in Bangkok which will engage 15 European Union leaders and their 10 counterparts from ASEAN plus China, South Korea and Japan in the first such political and economic discussion.

Topics will include global issues such as nuclear proliferation, as well as biological and chemical weapons.

Indonesia which is the chairman of the ASEAN Standing Committee for this year, was entrusted by ASEAN leaders at the summit last December to sound out the nuclear powers on the treaty.

Although ASEAN had engaged representatives of the five nuclear powers, who are also permanent members of the United Nations Security Council, during their final treaty drafting workshops in Indonesia prior to the ASEAN summit, most of the five governments still hold reservations over some clauses in the treaty and need further clarification.

Indonesian delegates said Jakarta has pursued and will continue to pursue its efforts through bilateral consultations and "diplomatic notes" with the five nuclear powers.

Moreover, an Indonesian official confirmed yesterday that United States President Bill Clinton will next week send his special representative Ambassador Thomas Graham to Jakarta for a meeting with Indonesia on the issue of acceding to the historic treaty.

The treaty was signed by the 10 Southeast Asian countries during the ASEAN summit in December.

The Indonesian government sent Izhar Ibrahim, director general of the Foreign Ministry's Political Affairs

Division, to Beijing last month where he held talks on the same issue with Chinese Vice Foreign Minister Tang Jiaxuan.

Moreover, Indonesia is expected to raise the same issue with Beijing when ASEAN meets with China in the second Sino-ASEAN dialogues scheduled for mid-June in Medan. The first such bilateral dialogue took place in Hangzhou last April.

Beijing became ASEAN's full consultative partner in 1994. The two have established cooperation in various fields including trade and investment, and science and technology, apart from the political dialogue.

Japanese Deputy Foreign Minister Shunji Yanai yesterday welcomed ASEAN's effort to persuade the nuclear powers to accede to the treaty, as it will contribute towards the global effort to eliminate nuclear weapons and other weapons of mass destruction.

He said he personally thought that East Asian countries should not limit themselves to the topic of nuclear proliferation but should promote confidence-building measures and preventive diplomacy as well.

The same concern was also voiced by the Philippines Foreign Secretary Domingo Siazon. He said the issue of weapons of mass destruction, as well as biological and chemical weapons, would be briefly covered at the ASEM.

Japanese Deputy Foreign Minister Shunji Yanai added that Japan welcomed France's decision to stop its nuclear weapons testing but said Tokyo would have been even happier if France and China had not conducted the tests in the first place.

Yanai, however, stated that the main idea behind ASEM was to strengthen political and economic links between East Asia and Europe, which he said at the moment are not as good as the ties between Asia and the United States.

Malaysian Official Discusses Asian Ministers Meeting

BK0302141996 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 3 Feb 96

[FBIS Translated Text] Malaysia will use the Asian-Europe Meeting [ASEM] as a vehicle to forge closer ties with Europe. Acting Foreign Minister Datuk Abu Hassan Omar said Malaysia will also use the ASEM, scheduled for next month in Bangkok, to hold bilateral talks with several European countries. Malaysia fully supports ASEM because it will serve as a platform to discuss important issues in trade and commerce.

He was speaking to Malaysian reporters after attending an unofficial meeting of the ASEAN foreign ministers in Phuket, Thailand:

[Begin unidentified correspondent recording] The two-day meeting was attended by the foreign ministers of the seven ASEAN countries, China, Japan, and South Korea. They adopted a common stand that will be forwarded to their European counterparts, who will meet in Rome prior to the ASEM. Datuk Abu Hassan Omar, Malaysia's minister of domestic trade and consumer affairs, said Malaysia is interested in holding talks on several issues, including trade barriers, labelling, and requirements for closer trade ties.

Tan Sri Ahmad Kamil Jaafar, secretary general in the Malaysian Foreign Ministry, said the unofficial meeting in Phuket decided to hold a meeting of Asian and European senior officials on 29 February, one day before the summit meeting. [end recording]

Malaysian Officials Comment on Human Rights Issue, ASEM

BK0402085496 Kuala Lumpur SUNDAY STAR
in English 4 Feb 96

[Report by Shananaaz Sher Habib — received via Internet]

[FBIS Transcribed Text] Phuket — The leaders of the European Union (EU) countries can raise the issue of human rights with their Asian counterparts during the Asia-Europe summit meeting (ASEM) in March.

However, the manner these issues are to be raised should be done with "some decorum," Foreign Ministry secretary-general Tan Sri Kamil Jaafar said yesterday.

He said as there was no fixed agenda for the March 1 and 2 summit, the leaders were free to raise any relevant issue, including human rights.

"We (Asian countries) are not afraid to talk about human rights, but the issues at hand should be relevant to the working relations between both regions.

"We would like to talk about bridging an understanding between the two regions and non-relevant issues should not be brought up during ASEM," he said at the end of the two-day informal meeting of the 10 Asian foreign ministers in preparation for ASEM.

He said the EU countries appeared not to be doing anything about human rights violations in their own backyard, such as Bosnia, Chechnya and Northern Ireland.

The EU countries are expected to raise the question of human rights and social issues when the leaders of their

15 countries meet with leaders of the seven ASEAN countries along with Japan, South Korea and China at the historic summit in Bangkok next month.

Acting Foreign Minister Datuk Abu Hassan Omar said ASEM was the platform in which both Europe and Asia could raise contentious issues which could affect relations between the two regions.

"It is better that issues which can jeopardise the good relations between the two regions be resolved in the spirit of co-operation," he said.

He also said the question of better access of Asian goods to European markets too would be raised because there should not be any restrictive economic measures of trade.

Thai Foreign Minister Views Narcotics Issue, Khun Sa Deal

BK0402093096 Bangkok THE SUNDAY NATION
in English 4 Feb 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Phuket — Foreign Minister Kasemsamoson Kasemsi yesterday urged the international community to combat the illegal drug problem at its core, and not just by striking out at drug kingpins like Golden Triangle warlord Khun Sa.

He said he was aware the United States wanted to capture Khun Sa and "chop him into ground pork". Khun Sa shocked the world last month when he made a peace deal with the Burmese junta.

Kasemsamoson said Washington was "obsessed" with capturing Khun Sa, who was indicted by the US on 10 separate drug trafficking counts, and "feels bitter" about Khun Sa's deal with Rangoon. The drug warlord was also accused of being responsible for over 50 per cent of the heroin trafficking into the US.

Khun Sa held an official ceremony on Jan 7 at his headquarters at Ho Mong near the Thai border, at which he turned over several thousand soldiers from his more than 10,000-strong Mong Tai Army and a large stockpile of light and heavy weaponry to the ruling Burmese State Law and Order Restoration Council (SLORC).

Kasemsamoson said he made the remarks during his working breakfast yesterday with Japanese Foreign Minister Yohihiko Ikeda. His Japanese counterpart had inquired about Thailand's views on the situation in Burma, he said.

The international community should look for measures such as cash crop substitution to help reduce opium production and output, he said.

Crop substitution takes 5-6 years to be fruitful, but would help improve the economy of opium farmers who would thus be less dependent on opium poppy cultivation, he said.

"I want (the international community) to concentrate more on the core of the problem than on individual persons," he said.

Asked if he believed Thai national security interests would be affected by Khun Sa's deal with the SLORC,

Kasemsamoson said he considered it an "outdated concept" to view Thailand's national security as based on Burma's internal strife.

The SLORC benefited from the deal with Khun Sa as the country has achieved "more national stability" and will have one less enemy with whom it must wage war.

Kasemsamoson said he wanted to see Thailand's neighbours become stable and prosper economically. The well-being of the people would lead to improvements in other fields, including democratization, he explained.

Japan**Japan: Cargo Aviation Talks With U.S. Begin***OW0502024296 Tokyo KYODO in English
0218 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Japan and the United States began a scheduled three days of talks in Tokyo on Monday [5 February] to discuss air cargo services, with less than two months left before the end of a U.S.-set deadline for concluding the contentious issue.

The focal point of the talks is a provision under the 1952 Japan-U.S. aviation accord which allows carriers "beyond rights" to fly beyond the other country to third-country destinations.

Under the pact, three U.S. carriers — United Airlines, Federal Express and Northwest Airlines — have virtually free beyond rights, while those of Japan Airlines are limited.

Washington is calling for boosting the number of routes for flying on to third countries, saying it is unconditionally entitled to the beyond rights. It eventually hopes to sign an "open sky" accord for complete liberalization of air services.

Tokyo, however, is determined not to authorize any more routes under beyond rights for U.S. carriers, so as to correct the unequal situation in which the U.S. accounts for 70 percent of bilateral aviation capacity, a Japanese Transport Ministry official said.

The U.S. wants to see progress made on four bilateral economic issues by President Bill Clinton's planned visit to Japan in April, including semiconductors and cargo aviation.

But the Japanese side is not prepared to make any compromise on the air cargo front, government officials said.

Tokyo Aviation Negotiators on 'Yawning Rift' With U.S.*OW0502122296 Tokyo KYODO in English
1207 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — U.S. aviation negotiators indicated in a meeting with their Japanese counterparts in Tokyo Monday [5 February] that they are not necessarily going to call for immediate liberalization of Japanese air space, as they kicked off a third round of air cargo talks, Japanese officials said.

The United States had urged Japan to sign an "open air" accord to open up mutual access to trans-Pacific air

routes when they convened the second bilateral round in Washington in November.

Aviation authorities of the two countries otherwise reiterated their basic positions at Monday's informal session.

Tokyo requested that Nippon Cargo Airways be awarded privileges under the 1952 Japan-U.S. Aviation Accord, including the right to boost the number of its flights without the official approval of the U.S. Government.

Currently, Japan Airlines is the only Japanese cargo carrier entitled to the privileges, while Northwest Airlines and Federal Express of the U.S. enjoy a more complete version of the benefits.

Washington, meanwhile, argued that U.S. carriers are unconditionally authorized to fly beyond Japan to third countries and that Japan should not attempt to restrict these so-called beyond rights.

Japan is insisting that no more new routes be awarded to U.S. carriers under the rights, given that the U.S. now accounts for as much as 70 percent of bilateral aviation capacities.

On Tuesday the two countries will enter formal sessions in which representatives of Japanese and U.S. carriers will participate along with government officials.

Asked about media reports that the U.S. is prepared to offer a compromise at the talks, Japanese negotiators told reporters the overall atmosphere is not indicative of such conciliation, as a yawning rift exists between the two sides.

They hinted that one more informal session might be convened during the three-day period.

The two nations are supposed to wrap up the talks by the end of March. Washington counts cargo aviation as one of four bilateral economic issues in which it wants to see progress made before President Bill Clinton's planned visit to Japan in April.

Japan: MITI Opposes Renewal, Changes to Semiconductor Accord*OW0302060496 Tokyo MAINICHI SHIMBUN
in Japanese 2 Feb 96 Morning Edition p 9*

[By Ichiro Igawa of the Economic Department]

[FBIS Translated Text] The Japan-U.S. Semiconductor Agreement [JUSA] is due to expire in July this year. In connection with extending the accord and as of 1 February, the U.S. Government has unofficially informed the Japanese Government of its intention to extend it while

deleting the "numerical target" issue, which sets the market share of foreign-made chips in Japan at over 20 percent. In making this decision, the U.S. Government must have taken Japan's "rejection symptom" into consideration. However, it is observed that the U.S. Government aims at maintaining the positive results of the advance into the Japanese market by seeking to replace the numerical target with a post inspection system to check the results with such measures as objective standards. The United States may make a new proposal at the inspection consultations scheduled for Los Angeles on 8-9 February under the existing accord. Japan will strongly oppose this proposal, maintaining that "there will be no renewal or extension in any form" (as stated by a Ministry of International Trade and Industry [MITI] Machinery and Information Industries Bureau source).

MITI strongly maintains that the JUSA should be abolished, insisting that its mission is over now because the share of foreign-made chips on the Japanese market has already reached 27 percent, and because the Japanese and U.S. semiconductor industrial circles now cooperate with each other instead of oppose each other. As a senior MITI official says, it is because "if any unusual compromise should be made on chips, a question will arise as to what was the meaning of the auto talks held last year (at which Japan insisted on saying 'No')."

Meanwhile, a concerned U.S. official states: "The Clinton administration's top priority task is to maintain JUSA in one form or another and establish a forum for checking actual results." It is observed that with the presidential election's approach this autumn, the U.S. Government made this decision because it intends to avoid criticism of its weak attitude toward Japan.

The Japanese and U.S. views on this issue are head-on in conflict because the structure of both the chip market and industrial circles has greatly changed since 1986, when the first agreement was signed.

Ten years ago, the U.S. chip industrial circle lost its footing while Japan's market share reached the highest in the world. However, now, the share of U.S.-affiliated makers has reached the world's top at 40 percent. Moreover, in such fields as MPU (microprocessing units) — the brain of personal computers — and flash memory, the United States can take pride in the fact that it is overwhelmingly strong. Partly due to the rise of Asian makers, the importance of Japanese makers has dropped accordingly. Meanwhile, cooperative relations have also been improved between makers. For example, more joint ventures have been set up and more joint development projects have been promoted between Japanese and U.S. makers.

A senior MITI official states: "The U.S. chip industrial circle's true intention seems to indicate that 'nothing could be better than keeping the accord,' but that 'we will not have any trouble, even without it.' In making all these demands, the United States must have taken the upcoming presidential election into account."

MITI Minister Shunpei Tsukahara is expected to hold talks with U.S. Trade Representative Mickey Kantor at the quadrilateral trade talks scheduled for Kobe in April, and full-scale negotiations will then start. With the agreement due to expire in late July, negotiations may continue till the last moment. Since the upcoming talks are just like the auto talks held last year, they may well be called "mini auto talks." However, unlike the auto talks — during which European countries also pointed out "the Japanese market was closed in nature" — it will be difficult to bring up any controversial points. As a result, there is also a possibility that the upcoming negotiations may become a futile friction between Japan and the United States.

Japan: Editorial Evaluates U.S. Discount Rate Cut
OW0502072596 Tokyo YOMIURI SHIMBUN
in Japanese 2 Feb 96 Morning Edition p 3

[Editorial: "Things To Be Done After U.S. Discount Rate Cut"]

[FBIS Translated Text] On 31 January, the United States cut its official discount rate for the first time in three and a half years. As stated by the U.S. Federal Reserve (FRB), the rate cut is aimed at achieving "sustainable growth without inflation."

Last July, the FRB began a moderate easy money policy to prevent further slowdown of the domestic economy. Based on the policy, it has twice guided the federal fund rate (FF rate), a benchmark short-term money rate, lower.

Despite this, the U.S. economy is slowing down because of sluggish consumer spending. This prompted the FRB to cut both the FF rate and official discount rate.

In Europe, where an economic slowdown has been observed since late last year like in the United States, Germany and France have agreed to jointly promote comprehensive economy-boosting measures. Germany's Bundesbank reduced its key lending rate last December, which was followed by an official discount rate cut by France's central bank on 1 January.

The steady expansion of the European economy is imperative for the growth of both the Japanese economy, which is closely connected with the European economy, and the world economy.

In this regard, recent concerted economy-boosting actions by the United States, Germany, and France were desirable. However, their actions do not warrant any optimism about the future of the U.S. and European economies.

We hope the United States and European countries will continue their efforts for stable economic growth without inflation.

While New York stocks have continued to climb to record highs because of private firms' satisfactory business performance, consumer spending and new employment in the United States are hovering at low levels.

With the autumn presidential election nearing, the Clinton administration is at odds with the Republicans over financial policies. Their dispute is the main cause of economic instability.

Since last autumn, the U.S. Government has failed to compile a main budget. It has been obliged to repeatedly extend a provisional budget, carry out a temporary shutdown of some government offices, and lay off some government officials. This has become a drag on the economy.

There is still a wide gap between the Clinton administration and the Republicans in their views on the size of tax and expenditure cuts. Some people have begun to say that they will not be able to narrow the gap until the presidential election in November.

If the current abnormal situation continues, financial policies alone will not do anything to prevent a further economic downturn, and stock and bond prices may fall back from the current levels.

Any attempts by the Clinton administration or the Republicans to use economic issues as a tool to win in the presidential race will invite public criticism. We hope the two sides will reach an agreement at an early date.

In Europe, Germany and France have steadily taken the road to the planned currency unification in 1999. They have made continued efforts to reduce fiscal deficits by restraining expenditures.

European countries need to achieve steady growth of their economies for smooth currency union. It may be necessary for them to put priority on pump-priming measures and be flexible about the timing of currency unification.

Japan bears heavy responsibility for the world economy. Bad loan issues in this nation, including those related to housing loan companies (known as *jusen*), are a

factor affecting not only the domestic but also the world economy.

The government and the ruling parties should promote Diet deliberations on the *jusen* problem in such a way that satisfies the people. They should make all-out efforts to put an end to the current economic unrest by immediately taking necessary steps to settle the *jusen* issue.

Japan: SDF's Cooperation With U.S. Not Limited to PKO

*OW0402074596 Tokyo KYODO in English
0731 GMT 4 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — The Self-Defense Forces [SDF] and U.S. military will assist each other in procuring supplies for UN peacekeeping activities [PKO] without limiting the location of such operations, Foreign Ministry sources indicated Sunday [4 February].

The acquisition and cross-servicing agreement (ACSA), still under negotiation, will be ratified by the Diet as a secondary agreement affixed to the Japan-U.S. security treaty, the sources said.

The government plans to submit the ASCA and a revision to the SDF Law to the Diet during the current session, which opened Jan. 22 for a 150-day run.

"(The agreement) is tied to the development of Japan-U.S. cooperation on a new global scale and we will indicate to the people of both countries that the importance of the agreement is on a par with the Japan-U.S. security treaty," a government source said.

The government has decided to have the agreement ratified by the Diet like a treaty because of the agreement's immense political significance.

Under the proposed ACSA, the U.S. military in Japan would give assistance with large transport aircraft and with information related to peacekeeping operations while the SDF would provide food, fuel, clothes, lodging as well as handling communications, medical work and other duties.

Originally, the ASCA was connected to developments on the Korean peninsula and plans by the United States if it decided to set up a naval blockade of North Korea and had a need for fuel.

However, opposing voices were raised and the agreement was limited to joint military training exercises in peacetime and UN peacekeeping operations.

The agreement did not cover the procurement or transport of ammunition.

Tokyo To Stress Priority of Security in Land Rental Case

OW0402090796 Tokyo KYODO in English
0856 GMT 4 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — The government will stress the priority of the Japan-U.S. security treaty and the limits of private rights in civil law if a court decision is not reached by mid-March on the forced rental of land to the U.S. military.

Government sources said Sunday that it will take the steps to ensure the continued use of the land for the U.S. military facilities even after contracts for some of the land expire at the end of March.

The court battle began in December when then Prime Minister Tomiichi Murayama sought a court order forcing Okinawa Gov. Masahide Ota to sign documents that would force local landowners to rent their land to the U.S. military.

The second hearing is scheduled for Friday, and Okinawa Prefecture is demanding some 20 witnesses testify at the hearing. Government officials expect to be able to gain some idea when a decision might be reached.

Ota is the first governor to be sued by a prime minister for refusing to carry out an order issued by the central government under the Local Autonomy Law.

In the first hearing, held at the Naha branch of the Fukuoka High Court in December, central government litigation officials demanded a court order requiring Ota to sign the documents on the grounds that the governor's refusal runs counter to the public interest by making it difficult for the government to provide land to the U.S. military under the Japan-U.S. security treaty.

If the contract expires and no decision has been reached by the court, the government may have to adopt measures to avoid "illegally occupying" the land, government sources said.

The government had discussed creating a special law for the situation, but has held off in consideration of the people of Okinawa, who have long complained about the large U.S. military presence in their tiny prefecture.

If Prime Minister Ryutaro Hashimoto receives the approval of the court to sign the contracts in lieu of the landowners, government sources expect opposition in Okinawa to grow louder.

If the court battle is dragged out, a second suit might be filed over the "illegal occupation" of their land, the sources also said.

The sources added, however, that before this happens, it may stress the priority of the security treaty and international law over domestic law.

The government plans to argue that "private rights yield to the public welfare" if the case arises, the sources said.

Japan: Governor Ota on Forced Rental of Land to U.S.

OW0502093096 Tokyo KYODO in English
0757 GMT 5 Feb 96

[FBIS Transcribed Text] Naha, Japan, Feb. 5 KYODO — Okinawa Gov. Masahide Ota on Monday [5 February] cast doubts about giving priority to the Japan-U.S. Security Treaty over civil law in a case pitting him against the central government over the forced rental of land to the U.S. military.

"Deliberation is needed over whether the treaty should be given priority," Ota said at a press conference in reference to a central government policy of ensuring the continued use of land for the U.S. military even after lease contracts for some plots of the land expire at the end of March.

Ota questioned the legitimacy of the treaty, pointing out that it was signed by the governments of Japan and the United States when Okinawa was under U.S. rule as a result of the U.S. invasion of the southwestern Japan island during World War II.

"In general, international treaties are given priority over domestic laws, but it (the security treaty) was signed before the Okinawa people could take part in national politics and was applied in that form after the return of Okinawa to Japanese rule," Ota said.

"As a result, base-related pollution undermines life among Okinawa people."

Ota has been in a court battle with the central government since December when then Prime Minister Tomiichi Murayama sought a court order forcing Ota to sign documents needed for the continued forced rental of land owned by Okinawa owners to the U.S. military.

So far one hearing has been held over the case, and the second hearing is slated for Friday. Central and Okinawan government officials agreed Monday to have the third hearing Feb. 23.

Officials from both sides said they were unable to reach agreement on a date for the fourth hearing as the central government opposes having it March 15 as proposed by the Okinawa prefectural government.

The central government has been eager to finish all court proceedings by the end of February as leasing contracts

for some land used by the U.S. military facilities expire at the end of March.

In other remarks at Monday's press conference, Ota welcomed a proposed first U.S. Congressional hearing solely on the Okinawa base issue.

The hearing was proposed by Doug Bereuter, chairman of the Asia and Pacific Subcommittee under the International Relations Committee of the House of Representatives, when a mission from the Okinawa prefectural assembly visited Washington last week.

"If it is realized, I want to send someone from Okinawa to express Okinawa's views," Ota said.

He took a dim view toward a plan floated by the ruling coalition which would allow the U.S. military to be in Okinawa only in times of emergency.

"If it is an emergency stationing with U.S. air bases left, it is different from what we want and we cannot recognize it," Ota noted.

Okinawa is home to about 75 percent of the space of land used by U.S. military facilities installed in Japan under the bilateral security treaty.

Japan: Joint Statement With U.S. Likely To Exclude Number of USFJ

OW0502070296 Tokyo YOMIURI SHIMBUN in Japanese 4 Feb 96 Morning Edition p 1

[FBIS Translated Text] It appears likely that the number of soldiers, "47,000," that shows the current troop strength of the U.S. Forces Japan [USFJ] will not be incorporated in a Japan-U.S. joint statement, which will be announced at a Japan-U.S. summit meeting when President Clinton comes to Japan in April. This was disclosed by several government sources as of 3 February. Initially, a number of soldiers was clearly stated in a draft statement at the time when the summit meeting was slated to be held in November of last year. While the call for reorganization and reduction of U.S. military bases grew strong in Okinawa, however, the people of the prefecture expressed their opposition, saying that stipulating the number is linked to allowing U.S. military bases to take roots. In the near future, the Japanese Government will officially ask the United States not to incorporate the number [of troops] in the joint statement. It seems that the United States is likely to accept this proposal.

The idea of keeping "47,000" USFJ soldiers was originally stated in the "Strategic Report for East Asia," which is a deployment plan the Defense Department announced in February, 1995 for the U.S. forces in the Asia-Pacific region. After that, Defense Secretary

William Perry, who came to Japan in October of last year, officially informed the idea to the Japanese side. The governments of both countries, who aim to "re-assess the Japan-U.S. Security Treaty," agreed that as a "symbol of the U.S. forces' pledge" for the 21st Century that "stipulation of the number of troops in the Japan-U.S. joint statement is indispensable." Initially, they agreed during the stage of coordinating opinions before November of last year, the time when the summit meeting was scheduled to be held, to incorporate the scale of "47,000" troops in the statement.

Following postponement of President Clinton's visit to Japan, however, both countries began to restudy the contents of the same statement at the end of November. At that time, Okinawan Governor Masahide Ota met with former Prime Minister Murayama and strongly demanded that the figure be deleted from the statement. The former prime minister answered that "negotiations with the United States are very tough." Nevertheless, a growing number of government officials begun to say that "we should not insist on the figure if we want to reconfirm the importance of the Japan-U.S. Security Treaty successfully and to wipe out the concerns of the prefectural government."

Both the Social Democratic Party and Harbinger Party [Sakigake], who are members of the ruling coalition, are acting in concert with the prefectural government. Also, the Japanese Government is worried about negative impact on discussions with the prefectural government on such issues as the reorganization and reduction of U.S. bases and the smooth utilization of U.S. bases. Therefore, the government ultimately firmed up its policy that it will give consideration to Okinawa Prefecture and not refer to the concrete scale of the U.S. troops in the joint statement.

However, the governments of both countries have no plan to change the basic strategy itself, which is the foundation of a system for maintaining 100,000 U.S. troops (47,000 in Japan) in East Asia, saying: "Deployment of U.S. troops in East Asia is indispensable for peace and stability of the same region and we will maintain this system as long as the situation in the region does not change." It is said that although the number of the USFJ troops will not be incorporated, the joint statement will say something that means the same thing.

Japan: Okinawa Not To Compromise on Return of Futenma Airbase

OW0502003496 Naha RYUKYU SHIMPO in Japanese 4 Feb 96 Morning Edition p 2

[FBIS Translated Text] In response to the Action Program [which calls for the return of all U.S. military

bases in Okinawa by 2015] in which the Okinawa Prefectural Government [OPG] demands that the Futenma air base be returned completely, the national government has indicated difficulty in complying with the demand. In connection with this issue, a senior OPG official stated on 3 February: "When the need for utilizing the base after its return and danger caused by the base are taken into consideration, Futenma air base has to be returned." In this way, he indicated that the OPG will take a strong stance on making no concessions on its demand for the return of Futenma air base in its entirety at future consultations with the national government.

As a warning for both the Japanese and U.S. Governments, the same senior official states: "If helicopters should crash in residential areas, local residents might become extremely excited and rioting [bodo] similar to the Koza [currently Okinawa city] riot might take place." To ease the feelings among prefectural residents, he points out: "Since Futenma air base is located in the center of the city, it would be out of the question to merely reduce its functions. The whole base should be returned so that a plan can be worked out to make use of the returned land. If only part of it should be returned, the danger will not be eliminated."

Japan: DFAA Chief on Relocation of Live-Fire Sites
OW0302063396 Naha OKINAWA TIMES in Japanese
3 Feb 96 Morning Edition p 2

[FBIS Translated Text] Tokyo — Masuo Morodomi, director general of the Defense Facilities Administration Agency [DFAA], attended a regular news conference on 2 February. Concerning the issue of shifting live-fire exercises held across [Okinawa] Prefectural Highway 104 to mainland Japan, Director General Morodomi stated that a working-level survey not involving the budget is now under way, thereby indicating that full-scale surveys will start once the budget is approved.

Five locations, including Fuji (in Shizuoka and Yamanashi Prefectures) and Hijudai (in Oita Prefecture), are listed as candidate sites for relocation. However, Morodomi said in his briefing: "The number of candidate sites is not necessarily limited to five. Surveys are being conducted from various viewpoints at nine locations where drills can be held at a range of 4-5 kilometers." Thus, he stated that the decision will be made on the limited number of candidate sites in the next fiscal year.

Drills are now conducted in Okinawa about 35 days a year. With regard to the question of how many drills can be removed to mainland Japan, Morodomi did not disclose any decision but merely said that "details are now under negotiations."

Japan: MOFA Official on Possible Reduction of USFJ Strength

OW0302054396 Tokyo YOMIURI SHIMBUN
in Japanese 2 Feb 96 Morning Edition p 3

[FBIS Translated Text] In connection with the issue of reducing the scale of U.S. Forces stationed in Japan [USFJ], which the Okinawa prefectural government has requested, a top Ministry of Foreign Affairs [MOFA] official stated on the evening of 1 February that "if stability should be heightened in Asia (with the Korean peninsula included), the USFJ, of course, will not be kept at the same scale." In this way, he disclosed his view that if the tension in neighboring areas in Asia, including the Korean peninsula, should be eased and if stability should be achieved, the USFJ strength will be reduced.

Japan: Okinawa Mission Pleased With U.S. Stance on Bases

OW0302050996 Tokyo KYODO in English
0426 GMT 3 Feb 96

[FBIS Transcribed Text] Washington, Feb. 2 KYODO — A mission from the Okinawa prefectural assembly completed a four-day U.S. visit Friday [1 February], encouraged by a positive U.S. stance on the issue of U.S. bases in Japan's southernmost island prefecture.

"We're not sure whether we've made concrete accomplishments, but we've recognized that U.S. officials are placing more importance than we had expected on the Okinawa issue," assembly Speaker Chiken Kakazu, who is heading the mission, told reporters.

In a meeting Friday, U.S. Deputy Assistant Secretary of State Thomas Hubbard told the delegation that Washington is willing to remove as many U.S. bases from Okinawa as possible, Chiken said.

But Hubbard, who is in charge of Asian and Pacific affairs, added that the Japanese Government needs to consider the problem of paying the expenses for removing bases, Kakazu said. The bilateral security arrangements require Tokyo to cover all expenses for its own requests to move U.S. military facilities in Japan.

Referring to a planned visit to Japan in April by President Bill Clinton, Hubbard vowed the U.S. side would try to seek concrete measures at a joint action committee, although he noted it would be difficult to find solutions to all the problems before the president's trip, Kakazu said.

The U.S. and Japanese Governments established the committee last November to set concrete measures

within a year for consolidating, realigning and reducing the U.S. military presence in Okinawa.

U.S. Deputy Assistant Secretary of Defense Kurt Campbell, who met separately with the mission Friday, said the two sides would try to resolve the Okinawa issue, Kakazu said.

Campbell, who is in charge of international security affairs, acknowledged that Washington and Tokyo cannot avoid the issue of U.S. bases in Okinawa if they intend to maintain the bilateral security alliance, Kakazu said.

On Thursday, an influential House of Representatives member told the delegation that his house panel intends to hold a first congressional hearing solely on the Okinawa issue.

A delegation official said the plan came from Doug Bereuter, chairman of the Asia and the Pacific Subcommittee under the International Relations Committee.

During their stay since Tuesday, the 14-member mission met with U.S. experts, lawmakers and government officials.

At a press conference at the onset of the trip, Kakazu said the group would place the closure of Futenma Marine Corps Air Station at the top of its list for U.S. base cuts.

The Okinawa delegation was an independent mission promoted by the prefectural assembly, which also organized a massive rally in Okinawa last October to protest the rape of a local schoolgirl last September, for which three U.S. servicemen are on trial.

The rape incident triggered a public outcry in Okinawa for cuts in U.S. bases there.

Okinawa accounts for only 0.6 percent of Japan's total land area but is host to about 75 percent of U.S. military facilities in Japan. Some 30,000 of the 47,000 U.S. troops in Japan are stationed there.

Japan: Okinawa Mission Ends Washington Visit, Leaves for Hawaii

OW0502011096 Naha OKINAWA TIMES in Japanese 4 Feb 96 Morning Edition p 1

[By reporter Okitomo Yamashiro]

[FBIS Translated Text] Washington, 3 Feb — A visit to Washington by a delegation (led by Chiken Kakazu, Speaker of the Okinawa Prefectural Assembly) of the Okinawa Prefectural Government to the United States completed on 2 February (3 February Japan time). On 3 February, the delegation left for Hawaii to appeal to officials and the commander of the U.S. Pacific Command for a solution to the issue of the military

bases. Delegation head Kakazu gave his impressions of their visit [to Washington], wherein the delegation met Congressmen, experts on military affairs and high-ranking officials, saying: "The U.S. side indicated a stand of paying attention to the voice of the Okinawan people. In this sense, our visit produced excellent results. We hope that a public hearing in the House of Representatives will be held."

During the four-day visit in Washington, the delegation met a total of 12 officials and experts and held a news conference at the National Press Club.

At the news conference, delegation chief Kakazu stressed how fruitful the visit was, saying: "Congressmen we met made positive remarks saying they want to hold a public hearing on Okinawan issues. Nevertheless, we could not coax concrete measures from the U.S. Government. We were disappointed at U.S. officials' remarks ruling out the revision of the Status of Forces Agreement, but we had the impression that serious study on improvement of individual articles of the agreement is under way. Our calls will be reflected in sessions of the Japan-U.S. action committee."

He then indicated determination to give impetus to their moves, saying: "We will also persistently call on the Japanese Government to settle the issue through talks between the two governments."

The mission will meet the commander of the Pacific Command and other officials in Hawaii on 5 January (Hawaii time) and make petitions with an emphasis on the enforcement of official discipline.

Japan: Tokyo at Loss How To Tackle Asia-EU Summit in Mar

OW0302052496 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Jan 96 Morning Edition p 3

[FBIS Translated Text] In the face of an Asia-European Union [EU] summit to be held in Bangkok on 1 March, the Japanese Government is at a loss how to move. This is because "Japan cannot afford to help promote a tieup between Asian nations and the EU without U.S. participation" (according to a senior Foreign Ministry official) in the face of U.S. President Clinton's visit to Japan in April.

The meeting is the first "Asia-EU summit" to be participated in by leaders from the seven ASEAN member nations, Japan, China, South Korea, and the 15 EU members. Since some developing Asian nations expect Japan to serve as a coordinator for the Asia-EU meeting, Japan has outwardly taken a stand of positively helping coordinate the meeting.

However, recently, to feel out Japan's true position, the U.S. Government has informally asked the Foreign Ministry and other organizations "what the meeting is for." At the conference, participants are scheduled to discuss the promotion of Asia-EU economic relations in such areas as trade and investment and a security issue as a means of promoting political dialogue. However, within the government, there is a reserved mood, saying "it is questionable whether it is wise to hold a dialogue on security in Asia without U.S. participation in the face of Japan-U.S. talks in April."

Particularly, the 10 Asian nations scheduled to take part in the meeting are the same countries listed in a plan to form the East Asia Economic Caucus (EAEC), which the United States strongly criticizes for "creating a regional bloc in Asia." For its part, Japan is making a desperate effort to ease Washington's irritation. At the same time, Japan has proposed setting global cooperation (common agenda) in settling such issues as population and environment as the meeting's topic, thus seeking concerted action from the Asian and EU nations.

However, since Japan's proposal would be taken as "changing the subject of the conference," there is the possibility that the other Asian nations and the EU will question Japan's attitude by saying "which side is Japan looking at?"

Japan: Tokyo, Brunei Reaffirm Cooperation in Reactor Consortium

*OW0202103596 Tokyo KYODO in English
0858 GMT 2 Feb 96*

[FBIS Transcribed Text] Phuket, Thailand, Feb. 2 KYODO — Foreign ministers Yukihiko Ikeda of Japan and Mohamad Bolkiah of Brunei reaffirmed Friday [2 February] their countries' cooperation in a consortium that is to build two nuclear power plants in North Korea, Japanese officials said.

Ikeda told Bolkiah, "with regard to security in the Asia-Pacific region, the trend in North Korea is important," in alluding to that country's nuclear program.

North Korea's nuclear program was frozen under a broad nuclear agreement between Washington and Pyongyang in October 1994 in exchange for two modern light-water reactors to be built by the U.S.-led consortium, known as the Korean Peninsula Energy Development Organization (KEDO).

The U.S., South Korea and Japan had accused North Korea of trying to develop nuclear weapons with its nuclear program, a charge which Pyongyang denied.

Ikeda expressed Japan's gratitude for Brunei's financial contribution to the reactor project. Bolkiah indicated that Brunei would continue to cooperate with KEDO together with the other six members of the Association of Southeast Asian Nations (ASEAN), which are Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Bolkiah reiterated that his country would support Japan in its bid to gain a seat in the UN Security Council when half of the body's 10 nonpermanent seats come up for election in the autumn.

The ministers met on the sidelines of a meeting of the foreign ministers of ASEAN, China, Japan and South Korea who gathered to prepare for an unprecedented summit with the 15-nation European Union in Bangkok on March 1-2.

Japan: Thailand Calls for Tokyo's Role in Mekong Scheme

*OW0302051096 Tokyo KYODO in English
0418 GMT 3 Feb 96*

[FBIS Transcribed Text] Phuket, Thailand, Feb. 3 KYODO — Thai Foreign Minister Kasemsamoson Kasemsi met Saturday [3 February] with his Japanese counterpart Yukihiko Ikeda and urged Japan to participate actively in a proposed 13-nation scheme to promote development in the Mekong River subregion.

A Japanese Foreign Ministry official, speaking on condition of anonymity, told reporters that Kasemsi made the appeal in an hourlong meeting with Ikeda on the Thai resort island of Phuket, where both are attending a meeting to prepare for the holding of a 25-nation Asia-Europe summit meeting next month in Bangkok.

Officials said Ikeda replied Japan would undoubtedly respond positively to the proposed scheme once details are worked out by Malaysia, which is acting as chief coordinator.

They said Kasemsi drew Ikeda's attention to a ministerial meeting on the matter that Malaysia plans to host before the summer.

The meeting's participants would comprise of China, Japan, South Korea, Cambodia, Laos, Myanmar [Burma] and the seven member of the Association of Southeast Asian Nations (ASEAN) — Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

At a summit meeting in Bangkok last December, ASEAN leaders resolved to establish links between the grouping and the Mekong subregion to hasten the

integration of the Indochinese countries and Myanmar into ASEAN.

Kasemsi said that Cambodia and Laos need to bolster their economies in preparation for ASEAN membership, which both countries aim to achieve in 1997. Myanmar will also be eventually integrated into the regional grouping, he added.

He said those countries remain in need of various forms of assistance from Japan and other countries.

Kasemsi said that while the concrete scheme is still under consideration by Malaysia, attention is focused on infrastructure projects.

he said the development of railways is especially important as it would facilitate the flow of goods and people in the subregion.

Japan and South Korea are being asked to participate as donor countries, while China is considered part of the Mekong subregion and is promoting links with Southeast Asian countries through its southern province of Yunnan.

The new Mekong scheme is expected to build on existing efforts in the subregion being coordinated by the Manila-based Asian Development Bank and the Mekong River Commission.

Japanese officials said the ministerial meeting may discuss ways to mobilize the private sector to invest more in the subregion, as well as various forms of government aid.

Officials said Ikeda also took the occasion to invite Thai Prime Minister Banhan Sinlapa-Acha to visit Japan during the first half of this year.

Japan: Hashimoto Vows To Consult With Seoul on Aid to DPRK

*OW0402075196 Tokyo KYODO in English
0737 GMT 4 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — Prime Minister Ryutaro Hashimoto pledged Sunday [4 February] to consult closely with South Korea about future food assistance to North Korea, which has been reportedly plagued by severe food shortages.

Hashimoto told reporters he will hear from Foreign Minister Yukihiko Ikeda about Seoul's concern over potential unilateral food aid to the North by Japan.

South Korean Foreign Minister Kong No-myong said in Phuket, Thailand, that Seoul does not oppose any small-scale humanitarian aid to North Korea by either the United States or Japan through international relief organizations.

But he repeated Seoul's opposition to any large-scale government assistance to the North without properly evaluating its food situation and winning guarantee of transparency in the distribution of the food aid.

Both Ikeda and Kong are on the Thai resort island of Phuket to attend a ministerial meeting to prepare for a 25-nation Asia-Europe summit meeting next month in Bangkok.

The U.S. said Friday it will unilaterally provide additional food aid to North Korea in the wake of flood damage to farmland which has caused widespread food shortages and malnutrition.

Japan: DPRK Official on Food Aid, Ties With U.S.

*OW0402235196 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 3 Feb 96 Evening Edition p2*

[By Hisao Tonedachi]

[FBIS Translated Text] Davos, Switzerland, 2 Feb — The following is the gist of an interview with Yi Song-tan, chairman of North Korean External Economy Commission.

Issue of Food Aid to North Korea

Japan, the United States, and the ROK are already having negotiations. I understand the Japanese Government's stand very well. We received 500,000 tons of rice from Japan in 1994 and we are thankful for that. Most of the rice had already been distributed to flood victims.

Scale of additional food aid should be determined by donor nations. However, the larger the better. I am sure they can estimate how much food we need. We prefer to receive aid not through an international organization as multilateral support but directly from donor nations.

It is true that we are in a serious food shortage and we are not hiding it. However, the ROK invented a story, saying that we are hiding food for the military. This is nonsense. South Koreans are good at spreading such rumors. It is nothing but a scheme to avert international attentions from North Korea.

North Korea is a socialist nation and everybody is treated equally. This can be said about the food shortage too. There is no famine in our country.

Relations With United States

As is in the case in promotion of the light-water reactor project and other matters, we are making a certain amount of progress. We will faithfully act as long as the United States abides by the U.S.-DPRK accord, which was signed in the fall of 1994. However, we are not

satisfied with the U.S. economic sanctions against us. According to the U.S.-DPRK accord, United States is supposed to remove the sanctions. But its speed is very slow. Almost no progress has been made for removal of the economic barriers.

Issue of Secretary Kim Chong-il Assuming Posts of State President, General Secretary

According to the customs of East Asia and our country, Secretary Kim Chong-il will observe the mourning period for late President Kim Il-song until the second anniversary of his death. A decision will be made (on the issue of Secretary Kim's promotion) by elections. On the basis of such understanding, we are waiting for (the possibility that a decision may be made immediately after the mourning period).

Japan: Ikeda Meets Qian Qichen, Urges Halt to PRC Nuclear Tests

OW0302130596 Tokyo KYODO in English
1156 GMT 3 Feb 96

[FBIS Transcribed Text] Phuket, Thailand, Feb. 3 KYODO — Japanese Foreign Minister Yukihiko Ikeda on Saturday called on China to halt its testing of nuclear weapons, but got a lukewarm response from Chinese Foreign Minister Qian Qichen.

Japanese officials told reporters that the exchange came in talks between the two foreign ministers on the Thai resort island of Phuket, where both were attending a meeting to prepare for the holding of a 25-nation Asia-Europe summit next month in Bangkok.

The officials said Ikeda urged "no more" underground nuclear explosions, drawing his Chinese counterpart's attention to last Monday's announcement by French President Jacques Chirac that the series of nuclear tests his country resumed in the South Pacific last September have ended.

Ikeda said that any continuation of testing would not be in conformity with the new international situation, by which the trend is toward the reduction and eventual abolition of nuclear weapons.

Qian was quoted as responding that China is well aware of Japan's special "sensitivity" to nuclear weapons.

But he said Japan should nevertheless try to understand China's position, namely that its 43 tests to date are a fraction of those by other nuclear powers.

China, which stands alone as the only country outside a global test moratorium, has said it would not halt its underground nuclear blasts until a global test ban treaty takes effect.

Ikeda said China's nuclear testing is having an adverse impact on Japan's well-intentioned policy of providing economic cooperation in support of that country's reform and open-door policies.

Japan, a major source of investment and development aid, responded to China's two underground tests for the year of 1995, in May and August, by canceling all grant assistance for the current fiscal year ending in March.

Japan plans to resume such assistance from the next fiscal year on the condition that no further nuclear tests are conducted.

Japanese officials said Qian insisted that grant assistance was "an expression of friendship" and "not something that should be linked with other matters."

Ikeda called on China to cooperate for an early ratification of a Comprehensive Test Ban Treaty (CTBT), over which negotiations are expected to be completed in 1996.

On the issue of Taiwan, which China considers a renegade province, the officials said Ikeda expressed concern over the escalation of friction between Beijing and Taipei and urged the exercise of self-restraint.

Qian was quoted as saying that China continues to desire a peaceful means of reunification in the spirit of "one country, two systems." But he warned that other means may be employed if Taiwan declares independence.

Tokyo Sympathizes With PRC Over Earthquake, Offers Aid

OW0502100296 Tokyo KYODO in English
0915 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The Japanese Government voiced sympathy Monday [5 February] to China for Saturday's massive earthquake and offered to provide emergency aid.

In a letter to Chinese Foreign Minister Qian Qichen, Foreign Minister Yukihiko Ikeda said he feels remorse over the death of at least 241 residents in Yunnan Province, southwestern China, and the damage caused by the powerful earthquake, Foreign Ministry officials said.

He also expressed hope the quake-stricken area will be restored as quickly as possible, the officials said.

Chief Cabinet Secretary Seiroku Kajiyama said Tokyo is prepared to make the utmost efforts to help minimize damage from the quake and to help the region recover from the disaster quickly.

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He also expressed hope the quake-stricken area will be restored as quickly as possible, the officials said.

Chief Cabinet Secretary Seiroku Kajiyama said Tokyo is prepared to make the utmost efforts to help minimize damage from the quake and to help the region recover from the disaster quickly.

Finance Minister Wataru Kubo joined Hashimoto in denying that the use of public funds will be deleted as a budgetary appropriation.

"There will be no choice but to resort to legal methods if a change is made. If that is the case, it is feared that there will be serious effects in and outside Japan. I have no intention of putting a freeze and of deleting it at all," Kubo told the lower house budget committee.

Deliberations at the lower house committee came to a halt temporarily after Kubo and Farm Minister Ichizo Ohara expressed different views on a memorandum exchanged between finance and farm ministry officials in 1993 over the *jusen* problem.

Ohara said he understood the memorandum to mean a guarantee of loans from agricultural cooperative-related financial institutions to the mortgage firms.

Kubo said the document does not refer to such a guarantee. Kubo later returned after the debate was suspended to say the memorandum is meant to promise agricultural cooperative-related financial institutions that they will not bear more financial burdens.

Such financial institutions were major creditors to the mortgage firms and they provided enormous amounts in loans to the firms between the late 1980s and early 1990s when stock and real estate markets were booming.

Opponents of the liquidation plan say the scheme is aimed at helping the agricultural financial institutions in the hope of winning votes in rural areas in the next general election.

Last December, when the government unveiled its plan, then Prime Minister Tomiichi Murayama said the government scheme was drafted from a viewpoint of agricultural policy.

Hashimoto told the lower house committee Monday that the government plan is not meant to protect farmers and agricultural financial institutions.

"It is designed to avoid causing a concern among depositors and, in principle, my view is not different from that of the former prime minister," Hashimoto said.

In other remarks before the lower house committee, Kubo shrugged off the possibility of using public money for rescuing troubled nonbank financial institutions other than the mortgage firms.

"I believe it should be avoided," Kubo said in reply to a question by Shinshinto lawmakers about such a possibility.

Japan: Government Submits List of Housing Loan Borrowers

OW0502024396 Tokyo KYODO in English
0159 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The government submitted to the Diet on Monday [5 February] financial data on moribund housing loan companies and a list of their top borrowers, responding to strong public pressure.

The government supplied to the parliament the outcome of Finance Ministry inspections of seven housing loan companies to be liquidated with public funds as well as the list of their top 100 borrowers, in response to a Diet request based on the Diet testimony law.

In handing the information to House of Representatives Speaker Takako Doi, the government urged "special care" be taken to protect privacy.

Finance Minister Wataru Kubo told a press conference that the decision on whether the information should be opened to the public has been left to the Diet, adding that ample measures should be taken to protect privacy.

Chief Cabinet Secretary Seiroku Kajiyama said at a separate press conference the government took the step to gain public support swiftly for the liquidation plan.

The lower house budget committee immediately started discussing whether the documents should be circulated for the members in a secret session or opened to the public.

The submitted materials are believed to contain details of the total amount of bad loans for each of the seven housing loan firms, known as "*jusen*," and other key information to clarify the entire picture of the financial fiasco.

The ministry inspected the troubled mortgage companies in 1991, 1992, and 1995.

Prime Minister Ryutaro Hashimoto has vowed to disclose as much information as possible on the home mortgage companies to win public support for the spending at least 685 billion yen, possibly rising to more than 1 trillion yen, in taxpayers money to help liquidate the seven companies.

The companies have gone virtually bankrupt due to huge amounts of loans to realtors, most of which loans have become irrecoverable.

The government plans to submit on Wednesday the remaining information demanded by the Diet.

The budget committee is scheduled to resume discussions Monday afternoon, with the main opposition party Shinshinto (New Frontier Party) participating.

Shinshinto has been boycotting the sessions, demanding that the crucial data be revealed to show how the government calculated the amount of money needed for its "jusen" plan.

Japan: Further on Government Supplying Diet With 'Jusen' Data

*OW0502084396 Tokyo KYODO in English
0706 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The ratios of bad loans to all loans at three of the seven housing loan companies to their respective 50 largest borrowers almost doubled in about three years, according to the information submitted Monday [5 February] by the government to the Diet.

The trio, whose balance-sheet conditions deteriorated chiefly because of delinquent loans to real estate developers, are Sogo Jukin Co., Nippon Housing Loan Co. and Housing Loan Service Co.

Similar ratios at the other four housing lenders jumped by 7 to 20 percentage points in three years and five months — a period between March in 1992, when the Finance Ministry inspected the financial books of the seven companies for the first time, and August in 1995, when it checked them for the last time, according to the information.

The remaining four are Jyuso Inc., Daiichi Housing Loan Co., Chigin-Seiho Housing Loan Co., and Japan Housing Loan Inc.

The nonperforming loan ratio of Sogo Jukin to its 50 largest borrowers shot up from 44.2 to 98.5 percent during the period, that of Nippon Housing Loan from 53.2 to 94.5 percent and that of Housing Loan Service from 45.1 to 90.4 percent.

During the period, the amount of the balance of outstanding loans at each of the seven to their respective top 50 borrowers edged down. Japan Housing Loan alone whittled down its balance to its top 50 borrowers by an impressive 500 billion yen.

The documents show that these housing lenders concentrated their lendings to their respective top 50 borrowers, some of who overlap each other at each of the seven, ministry sources said.

The seven lenders' bad loans to their respective top 50 borrowers accounted for 40 to 60 percent of the seven's total loans to all borrowers, according to the documents.

As of last August, the ratio of bad loans to the top 50 borrowers stood at 97.9 percent at Jyuso, 91.9 percent at Daiichi Housing Loan, 94.3 percent at Chigin-Seiho Housing Loan and 95.5 percent at Japan Housing Loan, the documents showed.

The bad loans comprise those to bankrupt borrowers, those whose interest payments remain unpaid for six months or longer as well as those whose interest rates were restructured to below the official discount rate that was prevailing at the time when the loans were restructured.

Tokyo Rules Out Central Bank, Public Loans to 'Jusen'

*OW0502120096 Tokyo KYODO in English
1026 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The government ruled out Monday the use of central bank and public loans for resolving the bad loan problem at seven ailing mortgage firms or "jusen."

In a written reply to questions submitted by the main opposition Shinshinto (New Frontier Party), the government said it is not appropriate to use loans from the Bank of Japan, government-guaranteed loans and loans from governmental financial institutions for covering losses stemming from the liquidation of the mortgage firms because repayment was unlikely.

The government defended the use of 685 billion yen in taxpayers' money in its scheme to help liquidate the housing firms, citing the possibility of a financial crisis occurring if the problems were left unresolved.

"Public confidence in financial institutions, which are creditors to jusen, could decline and it is feared that a withdrawal of deposits could trigger a credit crisis," the government said.

"If a large number of financial institutions collapse, it will be difficult to have depositors shoulder the financial burden and it will be likely that the public financial burden will increase," it said.

With regard to a pledge made by then Prime Minister Kiichi Miyazawa in 1993 not to burden the public in resolving the jusen problem, the government said it was believed at the time that financial support from creditors to the housing firms could resolve the problem.

The government's response to the questions is one of conditions set by Shinshinto for ending its boycott of debate before the House of Representatives budget committee over the government's liquidation plan.

Shinshinto members returned to debate before the budget committee on Monday as the government presented

data on the seven mortgage firms under a compromise reached between Shinshinto and the government.

Japan: Kubo Says Tokyo Must 'Stick' to 'Jusen' Disposal Plan

*OW0502100696 Tokyo KYODO in English
0941 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Finance Minister Wataru Kubo said Monday [5 February] there is no other choice but to stick to a government-proposed scheme to liquidate ailing housing loan companies unless legal measures are taken to change it.

But Kubo warned that taking legal steps would likely produce grave economic effects both at home and abroad.

The government liquidation scheme featuring the use of 658 billion yen in taxpayers' money has met strong opposition from the public.

Japan: MOF Said Aware of 'Jusen' Financial Crisis 4 Years Ago

*OW0502054296 Tokyo KYODO in English
0504 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The Finance Ministry understood the serious financial problems of "jusen" housing loan companies through its inspections in 1991 and 1992, according to information submitted Monday [5 February] by the government to the Diet.

The ministry's diagnoses of their financial health at that time made clear the companies would eventually fall into a management crisis and urged early reconstruction of their operations, the inspection reports showed.

The House of Representatives Budget Committee published the outcome of the ministry's probes, and a list of top 100 borrowers of seven failed housing loan firms which are subject to a government liquidation plan using taxpayers' money.

The crucial financial data were submitted by the bureaucracy to the Diet in response to its legally based request.

The ministry's reports on the 1991-1992 investigations also showed the seven lenders already held a total of 4,647.9 billion yen in bad loans by the early 1990s.

The reports also showed the mortgage firms' total bad loans stood at 9,562.6 billion yen in August 1995, doubling in three years.

The ministry has failed to take any effective measures to prevent the problems from developing into a wholesale financial debacle, the documents showed.

The information also said 85 percent of the loans by Japan Housing Loan Inc. to its 50 largest borrowers were bad loans.

The comparative figures were 74.7 percent for Jyuso Inc. and 53.2 percent for Nippon Housing Loan Co.

The figures were found to have worsened further to over 90 percent for all the lenders by later inspections in 1995.

The list of borrowers showed the Fuji Juken Real Estate Group of Osaka is the largest borrower from the seven mortgage firms, with outstanding loans of 298.8 billion yen, followed by the Osaka-based realtor Sueno Konan Group with 236.7 billion yen, and the Collins Real Estate Group of Tokyo with 120.1 billion yen.

The government supplied the data to the Diet under strong public pressure and calls for disclosing the information to justify the government's controversial liquidation plan.

The budget committee resumed discussions on the issue Monday afternoon, with the main opposition party Shinshinto (New Frontier Party) participating.

Shinshinto boycotted committee sessions last week, demanding the crucial data be revealed to show how the government calculated the amount of taxpayers' money needed for its "jusen" cleanup plan.

Japan: Mortgage Firms Holding Huge Latent Investment Losses

*OW0502084696 Tokyo KYODO in English
0653 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Seven failed housing loan companies known as "jusen" have suffered huge book-value losses on stock investments, according to government information submitted to the Diet on Monday [5 February].

The housing loan suppliers had invested a total of 647 billion yen in stocks as of June last year, incurring latent losses of 227 billion yen, or 35.1 percent of the investments, according to the financial data.

In particular, Nippon Housing Loan Co. and Japan Housing Loan Inc. were plagued by losses surpassing 50 percent of their outstanding stock investments.

Nippon Housing, which accumulated latent losses of about 103.1 billion yen on investments of 165.1 billion yen, had incurred a significant portion of the losses through speculative stock investments.

Japan Housing Loan held latent losses of 41.2 billion yen on investments totaling 77.9 billion yen.

The seven firms are subject to the government's liquidation plan using taxpayers' money.

Japan: MOF Said To Neglect Bailout Plan for Nippon Housing

OW0402092296 Tokyo KYODO in English
0832 GMT 4 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — A plan drawn up in 1993 under the leadership of the Finance Ministry [MOF] to bail out Nippon Housing Loan Inc. was designed just to avoid the company's imminent management crisis and not aimed at fundamentally solving its bad loans, sources involved in the plan said Sunday [4 February].

After the announcement of the bailout plan for Nippon Housing Loan, the largest of seven ailing mortgage companies, in February 1993, then Vice Finance Minister Mamoru Ozaki said, "the company will be managed without such financial support as interest payment reductions after the plan is completed. The plan is not provisional."

The government, however, was forced late last year to work out a scheme to liquidate the seven housing loan companies, which are saddled with a huge sum of bad loans. The liquidation plan, being discussed by the Diet, has come under public fire because of the proposed use of 685 billion yen in taxpayers' money.

The revelation of the nature of the 1993 bailout plan for Nippon Housing Loan is expected to give ammunition to angry public calls for clarification of the Finance Ministry's responsibility for the bad-loan problem.

Under the 1993 plan, Nippon Housing Loan's founding banks, and financial institutions, including those affiliated with agricultural cooperatives, would exempt or reduce interest rates on loans they extended to the company for 10 years. During that period, Nippon Housing Loan would completely write off its bad loans.

The sources involved in the plan said, "the Nippon Housing Loan rehabilitation plan initiated by the ministry was based on overly optimistic expectations that land prices would rise again."

The sources also said that the plan was far from being a rebuilding scheme for Nippon Housing Loan.

Japan: Ogawa Counters Criticism of 'Jusen' Issue

OW0502121196 Tokyo KYODO in English
1038 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Vice Finance Minister Tadashi Ogawa tried Monday [5 February] to fend off criticism that the Finance Ministry

[MOF] left seven troubled housing loan companies as they were despite having known about their huge problem loans.

"I believe the ministry made its best judgment, taking into account the situation at that time," Ogawa said at a press conference.

The outcome of the ministry's past inspections of the mortgage companies, which was submitted to the Diet Monday morning, showed it was aware in 1992 of the critical situation at those firms.

Critics say that if the ministry had decided to liquidate the mortgage companies at that time, there would have been no need for the government to use taxpayers' money for their liquidation now.

Ogawa said he does not insist that the ministry has no responsibility for the housing loan fiasco.

"The ministry takes seriously its failure to bail out the mortgage companies amid a continued slide in land prices," Ogawa said.

The ministry will fully explain why it mapped out the liquidation plan and make use of the lesson learned from the bailout in future policy measures, he said.

Japan: Former Official Anticipated 'Jusen' Problems

OW0302094796 Tokyo KYODO in English
0816 GMT 3 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 2 KYODO — A former senior Finance Ministry official said Saturday [3 February] he had anticipated Japan's seven home mortgage lenders (jusen) could run into trouble, given the outcome of ministry investigations into the companies conducted between the fall of 1991 and early 1992.

"I pointed out (to the housing lenders) that business conditions could deteriorate in the future," said Masaaki Tsuchida, president of People's Finance Corp. who was director of the ministry's Banking Bureau when the probe was made.

The ministry investigation revealed that the ratio of loans with interest payments in arrears was increasing sharply at the seven housing lenders, known as "jusen," said Tsuchida.

In an interview with KYODO news, Tsuchida stressed he was counting on the check and balance capabilities of financial institutions that founded the companies in the 1970s to remedy the situation.

"The Finance Ministry had no jurisdiction to administer the housing lenders directly and was pinning hopes on

founder financial institutions, which were drawing up rehabilitation plans for the companies, to take care of the issue," he said.

The government expects to use at least 685 billion yen of taxpayers' money to help liquidate the debt-riddled housing loan companies, a scheme facing intense fire in ongoing parliamentary debate for the fiscal 1996 budget.

Substantially more public money will be needed depending on how successful it will be to recover loans amassed by the companies through a planned loan collection vehicle that the government says will have strong enforcement powers.

At the request of both ruling and opposition lawmakers, the government will release Monday the results of the Finance Ministry probes made into the housing lenders between 1991 and 1992, and in August 1995.

Japan: Opposition Eyes Ex-MOF Official's Testimony on 'Jusen'

OW0502054396 Tokyo KYODO in English
0522 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The opposition camp may seek to summon a former senior Finance Ministry official to testify in the Diet the ministry's handling of the financial fiasco involving housing loan companies, Diet sources said Monday [5 February].

The ministry's past inspections of the mortgage companies showed it was aware four years ago of the huge amount of bad loans at the housing loan lenders, known as "jusen," the sources said.

The opposition camp is expected to call on Masaaki Tsuchida, director general of the ministry's banking bureau at that time, to testify before the Diet to try

to find out who was responsible for the ministry's slow response on the issue, they said.

Tsuchida is now vice president of the governmental People's Finance Corp.

The opposition parties are likely to insist that the ministry's failure to take drastic action when it found out about the dire financial situation at the mortgage companies led to their collapse and the proposed liquidation scheme using taxpayers' money, the sources said.

The ministry submitted to the Diet on Monday the results of its past inspections as well as the list of top 100 borrowers at the housing loan companies, in response to a Diet request based on the Diet testimony law.

Tokuei Shibata, professor emeritus at Tokyo Keizai University, said, "The ministry has great responsibility since it left the mortgage companies as they were while knowing about their huge amounts of problem loans."

"Disciplinary measures should be taken against those in charge of the issue at that time," he said.

Japan: Bad Loans Ratio to Top 50 'Jusen' Borrowers Reported

OW0502070396 Tokyo KYODO in English
0607 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The following are ratios of bad loans of the top 50 borrowers to total lending by each of Japan's seven insolvent housing loan companies.

The findings are from two rounds of investigations conducted in late 1991 through early 1992 and August 1995 by the Finance Ministry, with total lending and bad loans as of June last year in billions of yen.

Company name	initial survey	second survey	total lending	bad loans
Nippon Housing Loan	53.2	94.5	899.3	850.0
Housing Loan Service	45.1	90.4	591.8	535.0
Jyuso	74.7	97.9	753.9	738.3
Sogo Jukin	44.2	98.5	403.9	398.0
Daiichi Housing Loan	64.6	91.9	601.0	552.4
Chigyo-Seiho Housing Loan	87.2	94.3	424.6	400.2
Japan Housing Loan	85.0	95.5	730.5	697.3

Japan: Prefectural Governments Providing Aid to Farm Cooperatives*OW0402043996 Tokyo KYODO in English
0414 GMT 4 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — Twenty-four of Japan's 47 prefectural governments have been providing some form of financial assistance to local agricultural cooperatives to help promote their restructuring efforts, and in some instances these public funds have been applied toward writing off their bad loans, a KYODO NEWS survey showed Sunday [4 February].

The results of the survey found the amount of such aid is estimated to exceed 13 billion yen — an aggregate of assistance extended over the past ten years and funds earmarked for future assistance.

The aid has taken the form of direct subsidies, low-interest or interest-free loans and the return of part of the interest paid on loans.

Profits made on investment of the loans were covered by the 13 billion yen but not the loan principal, the survey showed, noting the total figure will be multiplied by a factor of several tens if the principal were included.

A government scheme to liquidate seven failed mortgage loan companies with 685 billion yen of taxpayers' money has provoked opposition from the public.

But the fresh survey revealed Japan's agricultural cooperatives have already received publicly funded financial support.

The survey showed the assistance, originally intended to finance streamlining programs such as mergers among financially fragile cooperatives, was also used to write off delinquent loans that emerged in the process of the mergers.

The Kagoshima prefectural government, for example, furnished a total of 4.84 billion yen for a merger plan among its farm cooperatives over a period of 22 years until 1987 to dispose of involved bad loans, the survey said.

Officials at prefectural governments say the aid is designed to promote streamlining such as mergers, not to bail out financially troubled cooperatives.

Japan: Cosmo Lent 270 Million Yen After Suspension Order*OW0302051196 Tokyo KYODO in English
0349 GMT 3 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO — Cosmo Credit Corp. lent some 270 million yen to

an entertainment company in Yokohama on Aug. 10, 1995, 10 days after the Tokyo metropolitan government had ordered the suspension of operations of the failed credit union, local government officials said Saturday [3 February].

While no new loans should be forwarded after the suspension of the business, a metropolitan government official with whom Cosmo consulted over the loan to the Yokohama company was indecisive and gave the impression that he tacitly approved the lending, the officials said.

The official failed to inform his seniors of the matter. The metropolitan government has severely reprimanded the official and will discuss the matter Monday, they added.

Kesashige Takamura, head of the metropolitan government's Labor And Economic Affairs Bureau, voiced his regret about the matter. "The official in charge should have dealt with the matter decisively," he said. "Cosmo could have introduced another credit union to the company."

Under the present system, prefectural governments are responsible for supervising credit unions operating in their areas.

Cosmo had lent a total of 1.26 billion yen to the Yokohama company up until August to help it construct a building for a "pachinko" pinball parlor in Tokyo. The 270 million yen loan was to be used for finishing off the structure, according to the officials.

But the metropolitan government ordered the credit union July 31 to suspend its business because armies of depositors flocked to the union to withdraw their money, following a media report that Cosmo had been riddled with huge nonperforming loans.

Asked by the entertainment company to forward the extra loan as promised, Cosmo applied to the Tokyo metropolitan government Aug. 7 to exempt the loan from the suspension.

The official in charge said, "It's impossible," but he was being ponderous and did not reject the plea explicitly. Cosmo interpreted this as his consent and went ahead with the loan, the officials said.

Japan: 'Jusen' Issue Makes MOF Target of Reform*OW0502072196 Tokyo SHUKAN DAIYAMONDO
in Japanese 27 Jan 96 pp 96-97*

[Article by Tadahide Ikuta from the "Deep Structure of Kasumigaseki" series: "Moves to 'Dissolve the Finance Ministry' Advance Forward, Riding on the Jusen Issue,

Prompted by the Diet Debate and Under Attack From Both Ruling and Opposition Parties"]

[FBIS Translated Text] From around the end of last year to early January, the Ministry of Finance [MOF] was shaken and jolted over and over again.

On 19 December, the ministry announced a plan to resolve the problem of housing loan companies [jusen] by investing 685 billion yen from public funds. On 27 December, Hiroaki Taya, former chief of the Tokyo Customs Office, resigned, accepting the ministry's advice, over the scandal of receiving inappropriate entertainments in connection with the Tokyo Nishinkumi case. On 29 December, Administrative Vice Minister Kyosuke Shinozawa announced his resignation.

On 5 January, the day Vice Minister Shinozawa handed his baton to Tadashi Ogawa (former director general of the National Tax Administration Agency), Prime Minister Tomiichi Murayama resigned. On 11 January, with Ryutaro Hashimoto taking over government as the new prime minister, Wataru Kubo of the Social Democratic Party of Japan [SDPJ] was named finance minister replacing Masayoshi Takemura.

Ranking officials of other ministries in Kasumigaseki leaked impressions of the situation like the following, criticizing that the MOF is going down in a tailspin. An official of the Ministry of Health and Welfare said: "The MOF accepted the proposal to issue deficit-covering bonds too easily in formulating the 1996 budget. Are not all of Kasumigaseki's concerned bureaucrats probably very disappointed by it?"

"The MOF appears to have become incredibly useless [dame ni naru] over the past year. I think that this end up having a serious impact on all of Kasumigaseki. If the MOF becomes useless, no doubt, other ministries and agencies would also become useless."

An official of the Transport Ministry said: "That no one wanted to take over the post of finance minister from Takemura is something that could never have happened in the past. However serious the jusen issue may be, finance minister is the second most important post in the cabinet after prime minister. How can that post be belittled so? All this may be suggesting that 'the era of the MOF' is indeed over."

An official of the Ministry of International Trade and Industry gave his view: "Ogawa, the new vice minister, is a typical administrative person. He would not press something on his people as hard as former Vice Minister Jiro Saito did, and yet would not think keeping the ministry in harmony is everything. He would not waste all his time trying to coordinate views in the ministry.

"I think it was Mr. Ogawa's destiny to become vice minister of finance under the present situation. Anyway, I think the ministry will recoil and become increasingly introverted.

"I heard a friend of mine in the MOF say 'we wish we had someone with more energy like Yoshio Nakajima, former director of the Institute of Fiscal and Monetary Policy, or Hiroaki Taya, former chief of the Tokyo Customs Office.' Indeed, these two men resigned over trivial things. There is no doubt that they used to take on the role of leading the ministry's 'charge ahead,' and encouraging and rallying the ministry which has tended to look gloomy recently."

Probably it is the first time in the history of post-war Kasumigaseki that the MOF has been looked upon with so much pity by ranking officials of other ministries and agencies. Even the officials of other offices who have been critical of the ministry so far are shaking their heads in wonder about the rapid sinking of the MOF.

Unavoidable Structural Reform; Kajiyama's Real Intent Is To "Dissolve the MOF"

On the other hand, there is now a growing view that it would not be possible for the MOF to keep on being the colossal structure it is. An influential director of another economic office said in a whisper:

"The MOF can no longer be run in the way as it has been. That fact will become clearer from now. I think Mr. Ogawa himself recognizes that the MOF cannot pull through the present crisis with its existing structure and organization intact."

The Finance Ministry will be compelled to change its structure rather soon. Many think this will probably start with the Diet deliberations of the jusen issue.

Incidentally, as for the plan on investing 865 billion yen from government funds as a measure to resolve the jusen issue, all the public opinion surveys conducted so far have shown that overwhelming majorities of those polled think such plan cannot be accepted.

The politicians are sensitive to such trends in public opinion. They will naturally try to gain points for themselves by digging into the jusen issue.

The most important point in the Diet debate will be the "question of who" should be held responsible.

In addition, remarks made by Seiroku Kajiyama, who has recently been named the chief cabinet secretary — the post of head clerk of the cabinet — are drawing much concern among the people of Kasumigaseki.

In an article written (and carried on the February issue of BUNGEI SHUNJU) before his appointment as chief

cabinet secretary, Kajiyama said: "It should be the role of politics to clarify who let this crisis situation happen and which organizations erred in making their decisions — before deciding to use public money."

Mr. Kajiyama in the article also wrote about his meeting with vice minister of finance Shinozawa. In the meeting with Shinozawa, according to the article, Kajiyama said:

"The bureaucrats' trick of longevity is to make systems wherein it is impossible to tell where responsibility lies. If some people had not taken responsibility...[omission of passage as published], the Japanese economy and Japanese would lose their basis of survival if something was not done."

"Since the situation has developed to what it is, even the late Ooka, the most generous and warm-hearted judge of the Edo era, if asked to judge the officials in charge of financial policy and top managers of banking institutions, would order 'seizure of all of their property and expulsion from Edo.' I myself demand that."

Furthermore, after being named the post of chief cabinet secretary, Mr. Kajiyama said (according to a report on the MAINICHI SHIMBUN 15 June morning issue): "Regardless of whether it was intentional or accidental, I think it is important to see who was responsible for the final outcome. Within the MOF, there could have been an easy thinking that 'there has been no problem in the past, so there should be no problem in the future' either." Then asked if there was the possibility of the 1966 budget being revised, he replied, "It is all right to think that way."

Concerning this position of Kajiyama, a bureaucrat who is close to him gave the following interpretation:

"Mr. Kajiyama became very angry after vice minister of finance Saito under the Hosokawa cabinet railroaded a proposal on the 'people's welfare tax' in cooperation with Ichiro Ozawa, then general secretary of the New Renewal Party."

"Mr. Kajiyama appears to think that if the MOF is left as it is, the administration will not be able to function adequately. It won't be too far off if you think the real intent of Mr. Kajiyama is to take the MOF apart."

Naturally, opposition parties would demand the MOF take administrative responsibility for the jusen issue as well. Now if even the chief cabinet secretary, the "lynchpin" of the cabinet, known as a "tough fighter," is in favor of "dissolving the MOF," there is no question that the ministry is in a very difficult situation.

In deliberating on the "accountability" for the jusen problem, the Diet will probably come to question some incumbent MOF officials in charge of policy

and some former MOF officials who have been named to executive posts in jusen after retirement from the government service.

MOF Besieged by "Politics"; There Is No Telling Where the Diet Deliberations on Jusen Issue Will Lead

Besides, apparently, Chief Cabinet Secretary Kajiyama is not the only one in the cabinet who is very critical of the MOF.

Another one who is with him in that respect is Shuei Tanaka, director general of the Economic Planning Board. Even before questions started to be asked of the MOF's style of performing its functions of financial administration and before the scandals involving ranking MOF officials came into the open, in an interview with this writer, Tanaka had said:

"The fact that the MOF needs to get involved [in policy matters] to that extent could mean that we politicians are useless to that extent."

"But we may be able to create something like a cabinet's main office and put the Economic Planning Agency under it, renaming the office as the Economic Planning Bureau, remove the MOF's Budget Bureau under it as its Budget Bureau, and place the Management and Coordination Agency under it as the Administration Management Bureau. We have to study this deeply, but I think it is an option."

New Party Sakigake [Harbinger], of which Tanaka is deputy leader, has always been in the vanguard of campaigns to "reform the MOF" anyway.

It was Sakigake which proposed to level up the Deposit Insurance Corporation to a government-run "Bank Surveillance and Deposit Insurance Corporation" even though that proposal was not adopted as part of the three ruling parties' policy agreement at the time of the formation of the Hashimoto cabinet.

Besides, while the SDPJ sent into the new cabinet its man Kubo as finance minister, members of the party's Policy Board are very "critical of the MOF" too.

One ranking member of the board said: "After our party began participating in government affairs, I keenly realized how arrogant the bureaucrats are. The MOF people are cocky. There is no other way to describe it. Without dissolving the MOF, there can be no real democracy."

The MOF is now besieged by "politics." If it was only one year ago, the ministry would probably be able to change the flow of "politics" by mobilizing all means of its power and authority for its use, but the MOF of

today does not appear to have that power and authority any more.

It has become impossible to predict what will happen in the course of the *jusen* issue going through the Diet deliberations.

I would like to devote my next two articles [in this magazine] to delving into the *jusen* issue and probing into the under-current moves of the MOF and other ministries in relation to the issue.

Japan: Toyoda Calls for Cutting People's Burden Over 'Jusen'

OW0502100596 Tokyo KYODO in English
0929 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The head of a powerful business organization urged the government Monday [5 February] to reduce the people's burden to a minimal in its scheme to liquidate the failed mortgage loan companies known as "*jusen*."

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), Japan's most powerful business lobby, told a news conference the government is required to do its utmost to recover bad loans held by the housing loan companies and minimize the people's burden.

Toyoda also called on the government to seek public understanding for its scheme to use public funds to dispose of the failed companies.

He said full-fledged discussions on the issue in the Diet will lay bare who is responsible for the affair.

Japan: Coalition Looks at Changing MOF Following Public Criticism

OW0502134696 Tokyo KYODO in English
1315 GMT 5 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Three ruling coalition parties have begun studying the possibility of reorganizing the Finance Ministry [MOF] in a move to appease public criticism against a government scheme to liquidate bankrupt mortgage lenders, party officials said Monday [5 February].

The government plan incorporates the use of taxpayers' money to liquidate seven housing loan companies funded by banking institutions.

The officials said the study involves the establishment of a joint project team by the three parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger].

A senior official of Sakigake, the smallest group in the coalition, called for reorganizing the Finance Ministry as a core step in promoting administrative reforms.

LDP Secretary General Koichi Kato, in a televised program Sunday, called for extensive liberalization of the financial and securities market to strip the Finance Ministry of excessive authority.

He proposed creating a "finance agency" from the finance ministry's banking, securities and international finance bureaus to decentralize finance policies.

Kato supported a proposal made Monday by Sakigake representative Yukio Hatoyama for the establishment of a joint project panel to review Finance Ministry functions.

Kato's proposal has drawn a strong reaction from Finance Ministry bureaucrats, the officials said.

Japan: Kajiyama Changes View on Conservative Alliance

OW0302032196 Tokyo ASAHI SHIMBUN
in Japanese 1 Feb 96 Morning Edition p 7

[Unattributed article]

[FBIS Translated Text] Chief Cabinet Secretary Seiroku Kajiyama, who is viewed as a "big shot chief cabinet secretary," has recently stopped advocating the formation of an "alliance between conservative forces and individual conservatives" by combining the Liberal Democratic Party [LDP], the Social Democratic Party [SDP], Sakigake, and some members of the New Frontier Party, in spite of that he had been calling throughout last year for forming a union of conservative forces. However, conversely, while drawing a line between himself and former Prime Minister Nakasone, who calls for dissolving the current coalition framework, Kajiyama recently held a meeting with LDP Secretary General Koichi Kato, who was reportedly in discord with party executives at the very start of the new party leadership. In this way, Kajiyama is trying to strengthen the ruling parties' foundation. Does Mr. Kajiyama, who aims at the LDP obtaining a majority of seats in the next general election, intend to devote himself to serving as "a pillar" of the Hashimoto cabinet? This is concern still felt within the ruling parties.

With regard to former Prime Minister Nakasone's proposal to form a "conservative-conservative union," the chief cabinet secretary made clear at a 30 January news conference that "our stand of maintaining and managing the cabinet while firmly keeping the three-party framework will not be affected (by Nakasone's remarks)." In addition, in reply to an SDP member's

question, "do you have the same view as Nakasone?," Kajiyama reportedly answered "No."

According to a senior party official, "a political line and generations" of the present party executives, who attach importance to cooperation with the SDP and Sakigake, are "different" from those of Kajiyama, suggesting disarray between Kajiyama and party executives. On the night of 26 January, when Prime Minister Hashimoto dined with Secretary General Kato, Kajiyama's moves were reportedly discussed.

However, at a meeting held on the night of 30 January, Kajiyama told Kato that "my position is not different from yours." It seems that Kajiyama made such remarks because it is not desirable to create discord between party executives and himself conspicuous since the new party leadership has just started. At a 23 January meeting with Deputy Chief Cabinet Secretary Kazo Watanabe (SDP), Kajiyama stressed: "I want to protect Mr. Hashimoto somehow. I will stand in the forefront."

He is the kind of politician who "prepares for the future while carrying out several policies simultaneously," rather than taking one policy (according to those close to Kajiyama.)

Kajiyama seems to be aiming at supporting Prime Minister Hashimoto, who is said to be "strong in making policies but weak in dealing with political situations" (according to a senior LDP member) by coming up with alternative measures to deal with political situations, including the jusen [housing loan companies' bad loan] issue at the Diet. Nevertheless, both ruling and opposition parties are wary of Kajiyama's move, saying "it is wondered how he will manage the political situation." In this way, attention has been focused on whether or not he can control himself as "chief cabinet secretary."

Japan: NFP Member Says Alliance With LDP Members Possible

*OW0402033696 Tokyo KYODO in English
0300 GMT 4 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO — A senior member of the main opposition Shinshinto (New Frontier Party [NFP]) on Sunday [4 February] left open the possibility of conservatives joining hands with some Liberal Democratic Party (LDP) lawmakers to form a new political force.

"We have not considered which LDP members to ally with. We cannot yet decide," said Hajime Funada, one of the leading members of a Shinshinto group critical of party head Ichiro Ozawa.

Speaking on a television program, Funada said he would rather join forces with young LDP members but added

there are some members within the Shinshinto group who want to link up with old LDP stalwarts.

He was referring to Shinshinto members hailing from a now defunct LDP splinter party, particularly those who previously belonged to a powerful LDP faction founded by former Prime Minister Noboru Takeshita.

But Funada ruled out Shinshinto being split up and absorbed by the LDP, a dominant force in the tripartite ruling coalition, saying such a development must be avoided because the unity of the LDP itself is not strong.

As for the timing of a general election for the House of Representatives, he said one might take place as soon as May or June.

Funada also indicated the anti-Ozawa group, led by former Prime Minister Tsutomu Hata, intends to be a core force for future reorganization of the political landscape given the prospect that no existing single party will likely win a majority in the next election.

Japan: 'News Focus' Views Political Reorganization Moves

*OW0502042696 Tokyo KYODO in English
0400 GMT 5 Feb 96*

["News Focus" by Mie Kawashima: "Japanese Politics Awash With Reorganization Moves"]

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — The state of politics in Japan is still wobbly over reorganization moves, given the efforts by two smaller ruling coalition partners to merge and rumors of a possible alliance between conservative members of two major parties.

The leaders of the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] are wooing each other in an attempt to form a new party through their merger — and by bringing together other "liberal" forces — before the next general election of the House of Representatives.

Meanwhile, some senior executives of the dominant coalition partner, the Liberal Democratic Party (LDP), speak of expectations for the so-called "ho-ho" (conservative-to-conservative) alliance, which would mean joining hands with some members of the main opposition Shinshinto (New Frontier Party) and departing from the tripartite ruling coalition with the SDP and Sakigake.

Politicians are talking about flocking together to form bigger political blocs in order to survive the general election, which is likely to take place before the four-year term of office of lower house members expire in

the summer of 1997. Some even say a snap election may be called before this summer.

The politicians are fidgety because bigger parties would be able to take advantage of a new winner-take-all electoral system combining single-seat constituencies and proportional representation, which replaces the current multiseat constituency system.

The SDP changed its Japanese party name and platform at an annual convention Jan. 19 to get rid of its half-century-long socialist line and to lay the groundwork for a merger with Sakigake.

The SDP's Japanese name was changed from Nippon Shakaito (Japan Socialist Party) to one in line with its English name, which has been in place since January 1991.

SDP leader Tomiichi Murayama, who resigned as prime minister Jan. 11 and was succeeded by LDP President Ryutaro Hashimoto, and Sakigake Head Masayoshi Takemura, finance minister under the 18-month-long Murayama administration, have promoted the merger drive.

Murayama and Takemura have taken the initiative in setting up a joint forum to promote cooperation between the two parties, but the forum's first meeting Jan. 24 failed to discuss the new party proposal as the Sakigake delegation expressed reluctance.

Sakigake Secretary General Yukio Hatoyama, who represented the party at the meeting, said in a speech Jan. 31 that the public would not support a new party under the proposed SDP-Sakigake alliance if the link up is based simply on the motive that "we don't want to be defeated in the forthcoming election."

Hatoyama supports establishing a new party before the election, but said the proposed party should gather a broader spectrum of political forces including some LDP and Shinshinto members.

Murayama is eyeing the month of May as a target date for launching a new party.

Leaders of the three ruling parties have repeatedly stressed their determination to firmly maintain the tripartite coalition they have kept since former premier Murayama took power in June 1994, but "ho-ho" union prospects continue to pop up from time to time due to relative policy similarities between the LDP and Shinshinto, compared with the two smaller coalition partners.

Most recently, the LDP's Yasuhiro Nakasone, who served as prime minister between 1982 and 1987, said in a speech Jan. 29 that the three coalition parties should "divorce through consent" before the next general elec-

tion and the LDP should have clear-cut "political aims and pivots" and shake hands with some of its competitors. The remarks were interpreted as supporting a "ho-ho" alliance.

LDP Secretary General Koichi Kato told a press conference the following day that the possibility of such an alliance should not be considered. But he did admit that some senior LDP colleagues may "feel uncomfortable about being engaged in politics with the SDP and Sakigake."

On Sunday, a senior Shinshinto member spoke of the possibility of some conservatives within his party joining hands with some LDP members to form a new party.

Appearing in a television debate, Hajime Funada said he personally would rather join forces with young LDP members but added that there are some within Shinshinto who want to team up with old LDP stalwarts. "We have not considered which LDP members to ally with. We cannot decide yet," said Funada, one of leaders of a Shinshinto group critical of party head Ichiro Ozawa.

These moves show that Japan's political landscape, which underwent major waves of reorganization in 1993 and 1994, still remain fluid.

In June 1993, two groups of LDP members defected from the party and formed Sakigake and the now-defunct Shinseito (Japan Renewal Party).

After less than two months, Shinseito, Sakigake, the SDP, the then Japan New Party (JNP) and three other parties formed a coalition under the JNP's Morihiro Hosokawa, putting an end to the LDP's 38-year single-party grip on power as Prime Minister Kiichi Miyazawa resigned.

In December 1994, Shinseito, the JNP and seven other opposition parties merged into Shinshinto, aiming to wrest power from the three-party coalition government of the LDP, the SDP and Sakigake.

Through busy political breakups and unions, Japan has had five prime ministers since August 1993 — Miyazawa from the LDP, Hosokawa from the JNP, Tsutomu Hata from Shinseito, Murayama from the SDP and incumbent Hashimoto, again from the LDP.

Japan: Nikkeiren Leader Says Firms Cannot Afford Pay Increases

OW0502121096 Tokyo KYODO in English
1126 GMT 5 Feb 96

[FBIS Transcribed Text] Fukuoka, Feb. 5 KYODO
— Japanese companies cannot raise their pay scale

in this spring's labor offensive for higher wages, the head of the Japan Federation of Employers Associations (Nikkeiren) reiterated Monday.

"Personnel costs (at Japanese companies) are at the world's highest level from the standpoint of the national economy," said Nikkeiren President Jiro Nemoto at a press conference in Fukuoka, southwestern Japan.

"The wage scale cannot easily be raised this year," he said, repeating his organization's position which was set in January.

Nemoto pointed out the severe employment situation and said, "companies with higher productivity should place priority on maintaining jobs for their employees."

"The government should make more efforts to resolve gaps between domestic and overseas prices so workers' wages can increase," he said.

Touching on the planned use of taxpayers' money for liquidating seven failed housing loan companies, he said it may be unavoidable, but added that the government should first release financial information on the loan suppliers, clarify the responsibility for the problems and restructure related financial and government sectors.

Japan: NTT Reports Launch of Telecommunication Satellite

*OW0502110496 Tokyo KYODO in English
1056 GMT 5 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO — Nippon Telegraph and Telephone Corp. (NTT) has succeeded in launching its telecommunications satellite N-STARB from the French territory of Guiana in South America, NTT said Monday [5 February].

Expected to start operations about two months later, the satellite will back up the N-STARA, which was launched last year, and will also be used for telecommunications with remote islands, the company said.

Japan: Government Procurement of Computers 'Fair,' 'Open'

OW0502082996 (Internet) Japan Ministry of Foreign Affairs WWW in English 2 Feb 96

["Procurement of Foreign Products in Government Computer Procurement, 2 February 1996" — from "What's New!" link]

[FBIS Transcribed Text] According to a survey conducted by the Cabinet (Cabinet Councillor's Office on External Affairs) on entities subject to the Measures related to Japanese Public Sector Procurements of Computer Products and Services, the ratio of foreign products in total procurement during FY1994 was 29.3%

(24.2% of the total when services are included), representing a continued expansion in government procurement of foreign products up from the 8.8% level of FY1991 (7.4% of the total when services are included), 18.9% level of FY1992 (15.5% of the total when services are included), 27.9% level of FY 1993 (23.3% of the total when services are included).

Government procurement of computer products and services has been implemented in a more non-discriminatory, transparent, fair and open manner under the Measures Related to Japanese Public Sector Procurements of Computer Products and Services and the Procedures for Government Procurement on Products introduced in 1994. It is to be desired that foreign firms will become more and more familiar with these measures and will continue to make full use of opportunities to participate in Japanese government procurement.

North Korea

DPRK: MINJU CHOSON Denounces U.S.-ROK Joint 'War Exercises'

*SK0302082896 Pyongyang KCNA in English
0811 GMT 3 Feb 96*

["Warmaniacs Will Be Punished" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA) — It was disclosed that large-scale U.S.-South Korean joint manoeuvres and separate war exercises of the South Korean puppet army due in South Korea this year would be 30 percent more than last year and 50 percent more than the average figure.

Commenting on this, an analyst of MINJU CHOSON today says:

War manoeuvres planned by the South Korean puppets along with the U.S. bellicose circles clearly prove how frantically they are stepping up war preparations to invade the northern half of Korea.

The recently-announced schedule of war exercises is a product of aggression and treachery. Herein lie the invariable design of the U.S. bellicose forces to stifle the DPRK with military strength and the treacherous scheme of the Kim Yong-sam group to find a way out in making a showdown with the fellow countrymen hand in glove with outside forces.

We cannot overlook this fact. We will mete out a severe punishment to those warmaniacs who are trying to violate our sovereignty.

We do not make empty words.

The United States and the South Korean warmaniacs would be well advised to act with discretion, pondering on what impact their adventurous war moves would cast on the DPRK- U.S. relations and the inter-Korean relations.

If they persist in aggravating the situation with the war exercises against the DPRK in defiance of our repeated warnings, they will take full responsibility for their consequences.

DPRK: U.S. Urged To Abandon 'Policy of Force' Against DPRK

SK0402104896 Pyongyang Korean Central Broadcasting Network in Korean 0753 GMT 4 Feb 96

[Unattributed talk: "The United States Must Stop Maneuvering To Crush the DPRK"]

[FBIS Translated Text] The United States has aggravated the situation on the Korean peninsula since the beginning of the new year. U.S. bellicose elements are showing alarming military moves, gathering aggressive armed forces, including aircraft carriers, into and around South Korea.

Following the large joint naval exercises by the U.S. forces and the South Korean puppet armed forces in the West Sea [Yellow Sea] of South Korea on 20 January, the United States conducted a joint combined command exercise at its U.S. Army bases in Japan beginning 25 January, mobilizing 7,700 troops of the U.S. forces and of Japan's Self Defense Forces. It is well known that the United States has decided to deploy additional U.S. Army troops in South Korea equivalent to a brigade.

Due to these war maneuvers by the U.S. imperialists, a great danger of war has been created on the Korean peninsula since the beginning of the new year, a danger different from other areas of the world. The U.S. military adventure, under the pretext of the so-called military threat from the North, is arousing the great concern of our people and the people of the world who desire peace in Korea.

The military threats and blackmail maneuvers of the U.S. imperialist warmongers, which have been intensified all the more since the beginning of the year, show that they have not yet abandoned their foolish desire to crush us by force. Furthermore, being big with pride in having achieved certain results in establishing its reign in various regions of the world following the end of the Cold War, the United States has adopted an even more undisguised policy of force against us.

The United States is talking about the unstable situation in Northeast Asia and the so-called military threats from the North; this is nothing but a trick to justify its military

adventures. The U.S. imperialists have systemically opposed our realistic, fair, and just proposals for peace on the Korean peninsula because they have the ambition to crush the DPRK. For example, they oppose our proposal to establish a new peace mechanism.

If a peace agreement is signed between the DPRK and the United States, hostile relations between the two countries would be concluded and a phase of detente and peace would open. However, the United States disregards our proposal to establish a new peace mechanism, and resorts to every possible trick to maintain the old armistice state. The United States refuses to accept our proposal to establish a peace mechanism because it is not at all interested in peace on the Korean peninsula, instead, it only intends to crush us with armed force.

As is clearly shown in every respect, what the bellicose circles of the United States pursue is to crush us by force. The United States intends to realize this ambition today.

The Korean peninsula is not the only region threatened by the danger of U.S. military adventure commotion. Lately, the United States has mentioned not only the so-called military threats from us, but also threats from other countries. The U.S. aggression strategy following the Cold War is that after holding sway in a region or country, it militarily intervenes in another country or region under a new pretext. In light of this, we can easily understand that the U.S. maneuvers to crush our Republic are a prelude to the next step, its military intervention in Asia.

A war on the Korean peninsula would easily expand not only to Northeast Asia but to the Asia-Pacific region. This is why people in Asia are concerned about the U.S. military provocations on the Korean peninsula, and strongly demand the United States stop its dangerous military moves. If the bellicose U.S. military circles continue to recklessly aggravate the situation on and around the Korean peninsula by posing a military and nuclear threat, this will create dark shadows [ko-mun kurimjarul tonjinungot] across the smooth implementation of the DPRK-U.S. agreed framework and will extremely agitate our people and the People's Army, who value their fatherland's dignity and sovereignty like their lives, and thus may bring irrevocable and grave consequences [torikilsu omnun omjunghan hugwa].

The United States should not underestimate our peace-loving efforts as an expression of our weakness; it should look strait at the situation and abandon its policy of force against the DPRK.

DPRK: KCNA Denounces ROK's 'Winter Special Warfare' Exercise*SK0302074596 Pyongyang KCNA in English
0459 GMT 3 Feb 96*

["S. Korean Puppet Clique Stage '96 Winter Special Warfare Exercise" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA) — The South Korean warmaniacs have staged a "'96 training in snow and cold for winter special warfare" in South Korean Kangwon Province for four weeks starting January 8, with mobilization of the puppet marine corps, according to a radio report from Seoul.

The puppet clique contended that the exercise being held in three stages is aimed at perfecting "military preparedness for winter season".

The traitor Kim Yong-sam is persistently stepping up war moves against the North, aggravating confrontation and tension between the North and the South. In this way they are attempting to save themselves from the crisis caused by the "slush fund scandal" and divert elsewhere the public attention from it.

DPRK: KCNA Denounces Current ROK 'War Exercises' Against DPRK*SK0402075096 Pyongyang KCNA in English
0742 GMT 4 Feb 96*

["S. Korean Puppets' War Games Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA) — The South Korean puppets staged war exercises against the North, introducing over 300 fully-armed soldiers and lethal equipment into the forefront areas in the western sector of the front on Wednesday and Thursday (31 January and 1 February), military sources said.

On Thursday and Friday (1 and 2 February), they flew 820 fighters in the skies above the West Sea [Yellow Sea] west of Sosan Peninsula for provocative air war exercises aimed at a surprise preemptive strike on the depth and major targets on the west coast areas of the North.

On February 1, soldiers of the puppet army had night war drills involving a firing exercise with live bullets in Paju and Yonchon Counties, Kyonggi Province.

If the Kim Yong-sam group dare unleash a war, ignoring the nation's desire for peaceful reunification, they will get nothing but death.

DPRK: Daily Denounces ROK Defence Minister's DPRK Remarks*SK0402082796 Pyongyang KCNA in English
0817 GMT 4 Feb 96*

["NODONG SINMUN on Blast of S. Korean Puppet Defence Minister" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA) — The South Korean puppet defence minister, Yi Yang-ho, raised a hue and cry over "tendency of the North" and "possibility of military provocation". NODONG SINMUN today, commenting on this, says that the blast can be let out only by warmaniacs with neither reasonable thinking power nor elementary observation of things and phenomena.

The analyst says:

No matter what false propaganda, smear campaign, they may resort to, the puppets cannot tarnish the image of the peace-loving Democratic People's Republic of Korea nor conceal their true colors as bellicose elements who are bringing the dark clouds of fratricidal war to the Korean peninsula.

Yi Yang-ho cried for "establishment of military counter-measure", describing the period of the forthcoming "National Assembly elections" as "the worst period of security" for the sinister purpose of posing military threat to the people in the anti-Kim Yong-sam, anti-"New Korea Party" struggle and backing "election" fraud by force of arms.

It is ridiculous of the Kim Yong-sam group to try to find a way out in further intensifying anti-DPRK confrontation and war manoeuvrings against the north.

The warmaniacs should act with discretion and put an immediate halt to the adventurous military manoeuvres against the DPRK.

DPRK: ROK Foreign Minister Criticized for Talking to Japan*SK0502053996 Pyongyang KCNA in English
0518 GMT 5 Feb 96*

["S. Korea in Extreme Uneasiness Over Improvement of DPRK-Japan Relations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA) — The South Korean puppet foreign minister, Kong No-myong, reportedly had "talks" with his Japanese counterpart Yukihiko Ikeda in Thailand on February 3, in which he voiced concern over possible resumption of negotiations between the Democratic People's Republic of Korea and Japan for the normalization of bilateral relations and asked Japan to "keep

itself from restarting the negotiations until progress is seen in the inter-Korean relations."

Japan's new Prime Minister Ryutaro Hashimoto, in his January 22 Diet policy speech, said his principal policy in diplomacy is independence. Earlier, Foreign Minister Ikeda said the abnormal relations between Japan and the DPRK should be removed and the suspended negotiations for the normalization of bilateral relations be resumed.

It is considered to be positive developments that the new government of Japan is willing to pursue an independent diplomacy and take a go-ahead attitude towards the improvement of the DPRK-Japan relations.

The resumption of the DPRK-Japan negotiations is a matter pertaining to the independence of the two countries and to internal affairs of the sovereign states.

In the "talks" with the Japanese foreign minister, however, Kong No-myong revealed again the sinister intention to persistently obstruct the normalization of the DPRK-Japan relations and pin on the North the blame for inter-Korean relations, which have been driven to the phase of confrontation.

The South Korean puppets have neither face nor qualification to talk about progress in inter-Korean relations.

When all the people in the North were overwhelmed with the bitterest grief at the death of the nation's father, the Kim Yong-sam group aimed guns at the fellow countrymen and harshly suppressed South Koreans who wanted to mourn his death or make calls of condolences, showing that they were not eligible to become the North's dialogue partner.

From the beginning of this year, the puppets have further intensified arms buildup and military exercises, in response to the North's call for founding a united confederal state involving the whole nation in line with the three principles of national reunification — independence, peaceful reunification and great national unity — and the 10-point programme of the great unity of the whole nation.

Neither dialogue partner nor dialogue atmosphere can be seen in South Korea. Only war atmosphere is prevailing there.

The issue of the DPRK-Japan relations will be solved by the two sides independently in the interests of their peoples.

DPRK: Defectors From ROK Visit Mangyongdae, Maternity Hospital

SK0402074796 *Pyongyang KCNA in English*
0740 GMT 4 Feb 96

[*"Sojourn of S. Korean Fishermen in Pyongyang" — KCNA headline*]

[FBIS Transcribed Text] *Pyongyang, February 4 (KCNA) —* The crewmen of the South Korean fishing boat "707 Taeyong", who defected to the North, visited Mangyongdae.

They, being briefed on the glorious and brilliant history of revolutionary activities and the immortal revolutionary exploits of the great leader President Kim Il-song, saw round the relics preserved at his old home.

They went round the revolutionary sites on Mangyong Hill and commanded a bird's-eye view of Pyongyang.

After visiting Mangyongdae, captain Kim Chong-on said:

As respected President Kim Il-song, the leader of our nation, was born into an ordinary family, he built a genuine society for the people in the North.

Ko Chon-kwon, said Mangyongdae is the eternal native place dear to the hearts of the 70 million fellow countrymen including the people in the North.

Yi Kil-sim said she would work hard for national reunification, holding respected General Kim Chong-il in high esteem in this paradise built by the fatherly leader President Kim Il-song.

The defectors also visited the Pyongyang Maternity Hospital.

They wrote in the visitor's book that looking round the hospital equipped with up-to-date medical facilities they deeply felt the superiority of the North's social system for the people. The country should be reunified at an early date so that women in the South may undergo medical treatment at such a marvelous maternity hospital, as the women in the North do, they added.

DPRK: ROK Citizen Defects to DPRK

SK0502101296 *Pyongyang KCNA in English*
0954 GMT 5 Feb 96

[FBIS Transcribed Text] *Pyongyang, February 5 (KCNA) —* A South Korean Cho Won-ki, 39, defected to the North of Korea.

Before coming over to the North, he served as a driver and engaged in other jobs in Chongju City, North Chungchong Province.

He has the parents, brothers, sister, son and daughter left in South Korea.

He said he had been disillusioned with the politics of the Kim Yong-sam regime and the corrupt society. "I have deeply felt that South Korea's is a society for the rulers and the rich, a horrible society where people cannot live without swindle," he said, and added:

"I have longed for the North blessed with the anthropocentric politics of respected General Kim Chong-il. So, I went abroad under the pretext of sightseeing and came over to the North."

DPRK: KCNA Reports on Large Anti-Government Rally in Seoul

SK0202050996 Pyongyang KCNA in English
0500 GMT 2 Feb 96

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA) — Peasants affiliated with the "National Federation of Peasants Associations" (Chonnonng) and students, more than 10,000 in all, held a large-scale anti-"government" rally in Seoul on February 1 demanding the peasants' right to existence, a Seoul-based radio report said.

They gathered from across South Korea. They held at the rally that the existence of the peasants is exposed to threats owing to the unreasonable behaviour of the "government" authorities. They strongly demanded that the authorities promptly take measures for improving the living conditions of the peasants.

They denounced the contradictory structure and exploitative factor of the present medical insurance system and called for taking steps.

Meanwhile, peasants belonging to Chonnonng demonstrated in demand of compensation for damage in front of a company.

When the company turned its back on their demand, the enraged peasants fought to break into the building of the company.

DPRK: Official Calls On Tokyo for Extra Food Aid

OW0302080096 Tokyo KYODO in English
0722 GMT 3 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO — A high-ranking North Korean Government official called on Japan to extend additional food aid to North Korea, saying his country has "a serious food shortage," a leading financial daily reported Saturday.

Yi Song-tae, chairman of the External Economy Commission, made the remarks Friday in an interview with the NIHON KEIZAI SHIMBUN in Davos, Switzerland,

where Yi was attending an international economic forum, the paper said.

Although Yi denied that North Korea was suffering a "famine," he said that the country is saddled with a serious food shortage.

Pyongyang would welcome as much additional food aid, such as rice, from Japan as possible, and prefer to receive it directly from Tokyo, not through an international organization, he was quoted as saying.

Yi thanked Japan for the 500,000 tons of rice already sent to North Korea as food aid, and said that most of the rice had already been distributed to flood victims.

Concerning the timing of North Korea's de facto leader Kim Chong-il assuming the posts of state president and head of the ruling Workers Party of Korea, he said, "I cannot predict it," but added he believes it will be after a two-year mourning period for his father Kim Il-song ends in July.

DPRK: NODONG SINMUN Praises Japan's New 'Independent Diplomacy'

SK0402083196 Pyongyang KCNA in English
0824 GMT 4 Feb 96

["We Will Watch Japanese Government's Attitude: NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA) — NODONG SINMUN today reacts positively to the go-ahead position which the present Japanese Government is likely to take for the improvement of relations with the Democratic People's Republic of Korea, pursuing an independent diplomacy.

We will watch the attitude of the present Japanese Government and, if it takes a substantial step to see the normalization of the bilateral relations, we will do what we should do with a good intention, says the paper.

In an article titled "Noteworthy Signs of the Present Japanese Government's Foreign Policy" the paper says:

The new government of Japan has shown signs of its willingness to pursue an "independent diplomacy" and push ahead with the normalization of DPRK-Japan relations.

Prime Minister Ryutaro Hashimoto, in his Diet policy speech on January 22, said, "My principal policy in diplomacy is independence." He also said Japan should be a state that acts on its own initiative with an idea acceptable to the international community.

His remarks are as good as making public the new government's position to pursue an independent diplomacy.

In the past the Japanese authorities had usually done such acts as cringing to big countries, currying favor with others and dancing to the tune of others.

But the new government has expressed its willingness to stand independent in diplomacy, different from its predecessors bereft of independence. This is a good thing which deserves praise at home and from abroad. The people take a positive view of its willingness.

What is important in the signs of the new government's foreign policy is that it has shown a go-ahead attitude, expressing concern for the normalization of the DPRK-Japan relations.

The new foreign minister, Yukihiko Ikeda, said on some occasions that the abnormal relations between the two countries should be removed and the suspended negotiations for the normalization of the bilateral relations be resumed.

The successive governments of Japan had failed to take an independent stand in Korea policy but danced to the tune of the South Korean puppets, pursuing a one-sided policy favoring South Korea with a prejudice against the DPRK. They had blindly acceded to the South Korean puppets' demand, making it impossible to bring about a progress in DPRK-Japan relations.

Indications are that if the present government authorities are truly willing to promote the normalization of the DPRK-Japan relations with their independent ideas and stand, they will refrain from such an act to blindly accede to the South Korean puppets' demand.

If the new government takes a fair stand towards Korea on the basis of an independent diplomacy, Japan will have its profile improved and a progress will be made in the normalization of the DPRK-Japan relations.

DPRK: NODONG SINMUN Greet's Anniversary of Iranian Revolution

*SK0502111696 Pyongyang KCNA in English
0849 GMT 5 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA) — The Korean people extend warm congratulations and greetings to the Iranian people on the 17th anniversary of the victory of the Islamic revolution, says NODONG SINMUN in a signed article today.

The victory of the Islamic revolution in Iran was a result of the protracted struggle of the Iranian people and a historic event which enabled them to embark upon the road of building a genuine new life, the article notes, and goes on:

Over last 17 years following the victory of the revolution the Iranian people have firmly defended the gains

of revolution, smashing in every way the imperialists' blockade and the counterrevolutionaries' plots to destroy the Islamic revolution.

Introducing the great achievements made by the Iranian people in the endeavours for the economic development and the country's prosperity, the paper continues:

The Islamic Republic of Iran is resolutely opposing all forms of intervention in and domination over the Persian Gulf area and striving to develop the friendly and cooperative relations with different countries of the world on the principle of mutual respect.

The Korean people are sincerely rejoiced over the shining successes achieved by the friendly Iranian people in the building of a new life and extending firm solidarity to their just cause and struggle for independence against imperialism.

Korea and Iran, both member nations of the Nonaligned Movement, are situated in Asia. The two peoples have always supported and cooperated with each other in the struggle against domination and intervention by outside forces.

The Korean people will as ever make active efforts to develop the traditional relations of friendship and cooperation with the Iranian people.

They sincerely wish the Iranian people greater success in the struggle to defend the gains of the Islamic revolution and build a prospering new Iran.

DPRK: Kim Chong-il Receives New Year Message from Yasir 'Arafat

*SK0502040196 Pyongyang Korean Central
Broadcasting Network in Korean 0800 GMT 1 Feb 96*

[FBIS Translated Text] Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, received a congratulatory message from Yasir 'Arafat, president of the state of Palestine, chairman of the PLO Executive Committee and head of the Palestinian national authority, on the occasion of the new year 1996.

The congratulatory message is as follows:

Pyongyang.

To Your Excellency Marshal Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army:

Your Excellency Marshal Kim Chong-il, I send my greetings. On the occasion of the new year, on behalf of the Palestine people, the PLO, the Palestinian national authority, and myself, I send the most sincere enthusiastic congratulations and greetings to Your Excellency

and to your country's friendly government and people through Your Excellency.

Through this opportunity, I hope that Your Excellency will live a long and happy life and that there will be results in Your Excellency's work to realize your people's lofty intention and goal of achieving greater progress, development, and prosperity.

We hope that the new year will be a year of prosperity, hope, mutual contact, interest, and cooperation for all the people in our region and states. Therefore, under the support of the world's men of ability who love freedom, peace, and justice, we hope that our endless efforts will lead to fair and comprehensive peace so that everyone can enjoy that benefit and eternally put an end to war, dispute, and violence in this region which is an important region in the world.

Also, we hope that our Palestinian people, who started to bear fruit in the process of peace in that the Israeli Forces will completely withdraw from their territory and sacred ground; live freely, safely, and peacefully in their fatherland; and continue to push ahead with restoration work in the economy and important organs, so that all conditions can be provided to restore and exercise legal national rights including the right of self-determination and the right to create a Palestine independent state with the sacred Quds as the capital.

I once again give sincere enthusiastic congratulations to Your Excellency, and hope that Your Excellency will live a long and happy life and that there will always be progress and prosperity to your country's friendly people. I give enthusiastic greetings to Your Excellency. I express my most lofty respect.

[Signed] Yasir 'Arafat, president of the State of Palestine, chairman of the PLO Executive Committee and head of the Palestinian national authority

[Dated] 24 December 1995, Gaza

DPRK: WPK Sends Greetings to German Communist Party Congress

*SK0202102996 Pyongyang KCNA in English
0850 GMT 2 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] today sent a message of greetings to the 13th congress of the German Communist Party.

The message noted that the 13th congress will be an important occasion in the struggle for defending the socialist cause, strengthening the party organizationally

and ideologically and expanding and consolidating the mass foundation of the party.

Expressing the belief that the friendship and solidarity between the two parties will continue to strengthen and develop in the future, too, in the struggle for socialism and peace, the message sincerely wished the congress success in its work.

DPRK: Dally Lauds Kim Chong-il's Revolutionary Activities

*SK0202051096 Pyongyang KCNA in English
0457 GMT 2 Feb 96*

[“NODONG SINMUN on History of Comrade Kim Chong-il's Revolutionary Activities” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 2 (KCNA) — The history of the great leader Comrade Kim Chong-il's revolutionary activities over 30 years will shine for all ages as the most valuable treasure of the Kim Il-song nation.

NODONG SINMUN on Thursday stresses this in an article titled “Experienced and Tested Leader Who Established Great Historical Wealth”.

The great leader Comrade Kim Il-song said:

“Our revolution has entered a period of a new upsurge under the leadership of Comrade Kim Chong-il. Since the start of his leadership fresh changes have taken place in different fields of politics, the economy and culture as well as the party affairs and great innovations and upswing have been effected on all fronts of socialist construction.”

The paper says:

Over 30 years of respected Comrade Kim Chong-il's guidance over the revolution and construction are the years of great inheritance, that can be done only by the successor intensely loyal to the cause of his leader, the years of the wise leadership that has brought the most glorious and brilliant era in the annals of the Korean revolution, and the years of great creation and change in which the eternally solid foundation for the accomplishment of the revolutionary cause of chuche has been laid.

The history of Comrade Kim Chong-il's revolutionary activities spanning more than 30 years is the glorious and brilliant decades recording his immortal exploits, the article notes, and goes on:

The years are a history of the great guidance, in which he has led the Korean revolution, together with the fatherly leader Comrade Kim Il-song.

With his distinguished ideological and theoretical wisdom and outstanding leadership ability, Comrade Kim Chong-il has set an example of great leadership, always sharing sweets and bitters with the people.

The 30-year-long history of the Korean revolution which was led by Comrade Kim Il-song and Comrade Kim Chong-il, who have been held in high esteem as the centre of leadership and unity, was the most significant and ideal period during which all things went well.

The benevolent image of the two leaders, who always worked together for the people, has been kept in the hearts of the Korean people, as the symbol of unity, inheritance and victory.

To our people, the leadership of the great Comrade Kim Chong-il was immediately that of the fatherly leader Comrade Kim Il-song and vice versa.

Therefore, in the history of the Korean revolution, the history of Comrade Kim Chong-il's revolutionary activities fully corresponds with the glorious and brilliant history of recent 30 years of Comrade Kim Il-song.

The paper proves that the history of 30 odd years traversed by Comrade Kim Chong-il is a very precious, revolutionary wealth for our party and people.

Comrade Kim Chong-il gave a perfect solution of the fundamental problems arising in inheriting the cause of the [word indistinct] a guideline to occupy the ideological and material fortresses and accomplish the cause of [word indistinct] and communism. And he clearly indicated a way of rebuilding socialism on a worldwide scale.

He has built the Workers' Party of Korea in a far-sighted way into a militant and tested, political organization of leadership and opened a new heyday in building the Army and laid a solid foundation for giving full play to the superiority of socialism.

The future of the Kim Il-song nation and the prospect of the Korean revolution are firmly guaranteed by the immortal wealth created by Comrade Kim Chong-il, the paper stresses.

DPRK: NODONG SINMUN Urges Upholding Kim Chong-il

SK0302080496 Pyongyang KCNA in English
0437 GMT 3 Feb 96

["Spirit of Seventh Regiment Called for To Uphold General Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA) — NODONG SINMUN on Friday carried an article entitled "Let Us Uphold Respected General Kim

Chong-il With the Spirit of the Seventh Regiment", contributed by alternate Politburo member of the C.C. [Central Committee], the Workers' Party of Korea Kim Chol-man, who is an anti-Japanese revolutionary veteran.

In the period of anti-Japanese armed struggle the members of the seventh regiment of the Korean People's Revolutionary Army (KPRA) defended the headquarters of the Korean revolution, led by the great leader President Kim Il-song, with rifles and with their lives. This is the spirit of the Seventh Regiment.

The most difficult and trial days in the anti-Japanese armed struggle were the period of the "arduous march" from Nanpaizi, Mengjiang County, to Beidadingzi, Changbai County, which took over 100 days from December 1938 to March 1939.

In an attempt to "conquer" the KPRA headquarters, the Japanese imperialists laid double and triple siege with the mobilization of hundreds of thousands of troops.

The Seventh Regiment, whose commander was O Chung-hop, devotedly defended the headquarters of the revolution by disguising itself as the headquarters to draw all the firing power of the enemy.

The great leader Comrade Kim Chong-il said:

"The elder generation should bequeath material wealth for a rich life, to their posterity, but what is more important is to hand over valuable mental and moral wealth to them so that they reliably succeed to the revolution."

In his article, Kim Chol-man, who was an orderly of O Chung-hop, stresses that it is imperative to hold in high esteem General Kim Chong-il with the spirit of the Seventh Regiment, whose members safeguarded the headquarters of the revolution with their lives in the thick forests of Mt. Paektu.

The spirit of the Seventh Regiment instills into the minds of our people struggling to defend socialism under the uplifted red flag optimism and the firm confidence that they will win if they follow General Kim Chong-il.

President Kim Il-song in his lifetime earnestly urged our people to unite more closely around General Kim Chong-il.

The spirit of the Seventh Regiment, whose members defended their leader with their bodies as a shield, constitutes today's spirit of rifles and bombs.

A soldier should be ready to dedicate his body to defend his leader at any place and any time if the revolution

wants him to. This is the spirit of rifles and bombs that we should take.

What frightens the enemy is the singlehearted unity of our people, who are fighting with the spirit of rifles and bombs, the spirit of the seventh regiment, closely rallied around General Kim Chong-il, a peerless brilliant commander who makes any formidable enemy shudder with one order.

Victory is always in store for our people as long as the spirit of the Seventh Regiment remains in the hearts of them, who have their great leader in the person of respected Comrade Kim Chong-il.

DPRK: NODONG SINMUN Commentary Praises 'Patriotic' Initiative

SK0302070696 *Pyongyang KCNA in English*
0452 GMT 3 Feb 96

[“NODONG SINMUN on New Initiative of Joint Meeting” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA) — The January 31 joint meeting of political parties and organisations in the DPRK discussed “On Measures to Preserve Peace and Achieve Great National Unity on the Korean Peninsula” and made a new proposal for making 1996 “a year of peace and great national unity.”

NODONG SINMUN today praises this proposal as a patriotic and timely measure which reflects the desire and will of the entire nation to remove the danger of war caused hourly by the sycophantic traitorous and bellicose group of South Korea and preserve peace and security in the country and open the way for peaceful reunification with the nation's concerted efforts.

The commentary titled “Timely Patriotic Initiative” says:

A new radical phase for peace and peaceful reunification will no doubt be opened if all the Koreans at home and abroad vigorously wage a nationwide movement for peace in the country and achieve national reconciliation and unity through a wide range of contact and dialogue between political parties, organisations and personages in the north, South and overseas under the banner of great national unity this year as proposed by the joint meeting.

All Koreans that love the country and wish national security should closely unite irrespective of differences in ideology, social system, political view and religious belief, and should actively join in the nationwide campaign to resolutely check and foil the South Korean

bellicose elements' acts for confrontation and war and make 1996 “a year of peace and great national unity.”

We believe the compatriots in South Korea and overseas will courageously join in the national solidarity struggle to smash the domestic and foreign warmaniacs' new war preparations, preserve peace in the country and achieve great national unity in hearty response to the initiative of the joint meeting.

DPRK: NODONG SINMUN Praises Morality as Revolutionary Quality

SK0302085796 *Pyongyang KCNA in English*
0849 GMT 3 Feb 96

[“Morality Is Revolutionary's Quality” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA) — The great leader Comrade Kim Chong-il, in a famous work “Respecting the Forerunners of the Revolution Is a Noble Moral Obligation of Revolutionaries”, said morality is a basic criterion for defining the qualities of a revolutionary.

Comrade Kim Chong-il said:

“Morality is a basic criterion for defining the qualities of a revolutionary.”

NODONG SINMUN in an article today says the reason is that only when revolutionaries have noble morality can they possess genuine human qualities.

The article continues:

Revolutionaries' sense of obligation is genuine comradesly obligation, the revolutionary obligation.

This obligation makes them lead a worthy life of a revolutionary as a member of the socio-political organism with the leader as the centre and attain a solid unity among comrades sharing life and death, bitters and sweets for the revolutionary cause.

The man who is faithful to the revolutionary obligation never betrays his leader, his party and his people under any difficult circumstances.

Moral obligation is just a touchstone discerning a true revolutionary and betrayer.

The revolutionary cause pioneered by the leader was frustrated in some former socialist countries. It is entirely because those who held leading positions of the party and state were betrayers and renegades who had no elementary obligation.

Morality is also a source that makes the qualities of revolutionaries most solid.

The unique idea of respected General Kim Chong-il that morality is a basic criterion for defining the qualities of a revolutionary is a noble truth which is based on the practical experience of the Korean revolution.

The theoretical and practical significance of the idea advanced by Comrade Kim Chong-il is that it has shown the most correct way of training the chuche-type communist revolutionaries.

Another significance is that the idea frustrated the sophism of imperialists and their loudspeakers who are resorting to all sorts of vicious slanders at the communists.

DPRK: Daily on Strengthening Economic Foundation

*SK0202133796 Pyongyang MINJU CHOSON
in Korean 9 Jan 96 p 1*

[Editorial "Let Us Strengthen the Economic Foundation of Socialism of Our Own Style"]

[FBIS Translated Text] Our people have begun the historic march of 1996 with absolute confidence.

Across the country, working people are overflowing with pride and confidence after they glorified the year of 1995 as a most rewarding year in the history of our fatherland under the tested leadership of the great leader [yongdoja] Comrade Kim Chong-il. As they embark on the magnificent battle in this hopeful new year, our people are further renewing their fighting spirit under the red flag of the revolution.

Presently, our people's hearts are filled with determination and loyalty to bring about new turns on all fronts of socialist construction under the leadership of the respected and beloved Comrade Kim Chong-il [kyongae-hanun kim chong-il tongji].

By displaying noblest communist morality toward their leader [suryong] and their leader [yongdoja], our people glorified 1995 as the year of revolutionary fidelity. At the same time, they proudly glorified the last year as the year of single-hearted unity by displaying the invincible might of unity around the great leader Comrade Kim Chong-il. Our people's noble ideological and spiritual trait has been highly displayed through the massive struggle of practice which they carried on to persistently carry out the economic construction by flying the banner of socialism high under the most difficult circumstances.

Our people resolutely smashed the vicious maneuvers of the imperialists and reactionaries scheming to isolate our Republic, the fortress of socialism, and to stifle the cause of socialism. They vigorously struggled to implement the slogans the party Central Committee

published on the occasion of the 50th anniversary of the party founding. By doing so, they made victorious progress in implementing the revolutionary economic strategy of the party.

Thanks to our heroic working class, cooperative farmers, and intellectuals who sacrificially struggled to brilliantly accomplish the behest of the respected and beloved leader Comrade Kim Il-song and the revolutionary intent of the great leader Comrade Kim Chong-il, the self-reliance of the people's economy has been enhanced, new achievements have been won in consummating the socialist rural theses, and the people's consumer goods production has been vigorously stepped up. In addition, many grand monumental structures such as the Chongnyu bridge, the No. 2 Kumnung tunnel, the Party Founding Monument, and the Pyongyang-Hyangsan tourist expressway have been built. This is clear evidence of our people's boundless loyalty to the party, leader [suryong], and revolution, and is evidence of their endless creativeness and the tremendous potential of our self-reliant socialist economic foundation.

The victories and achievements our people won last year are more precious and prouder than anything else, because we have gained them despite the severe political and military confrontation with the enemies, despite their persistent economic blockade, and despite the natural disasters never seen before. These shining victories and achievements are precious assets with which we can vigorously continue the general socialist march. Thus, they make our people confident and revolutionarily optimistic about the future.

The victories and achievements our people won last year are absolutely the product of the wise leadership of the great leader Comrade Kim Chong-il.

Ever since the inception of his revolutionary activities, the great leader Comrade Kim Chong-il has always led the revolution and construction along the single road of victory and the road of honor together with the respected and beloved leader Comrade Kim Il-song. At the beginning of last year, the great leader Comrade Kim Chong-il sent his historic personal letter to the people and urged all people to unite around the party as one as the fighters and disciples of the fatherly leader and to vigorously turn out in the struggle to make our nation richer and more powerful.

The great leader Comrade Kim Chong-il has led our people by the hand so that they can establish the spirit of noble morality by upholding the respected and beloved leader Comrade Kim Il-song as the eternal sun of chuche and as the father of chuche and by respecting revolutionary seniors. By publishing many classical works and making many precious remarks, he

ensured that our people brilliantly fulfill the intent of the great leader [suryongnim].

In particular, by issuing the party Central Committee slogans on the occasion of the 50th anniversary of the party founding, the great leader Comrade Kim Chong-il has made the country to be filled with the flames of socialist general march. By giving on-the-spot guidance to many areas of the revolution and construction, he encouraged our working people to heroic struggle and glorious feats.

Thanks to the outstanding and tested leadership of the great leader Comrade Kim Chong-il, our people, even if the revolutionary situation has been very difficult at home and abroad, have never faltered but overcome all the difficulties by holding high the red flag of the revolution, the banner of the three revolutions—ideological, technical, and cultural—and by displaying their indomitable fighting spirit. By continuing to persistently march forward, they have performed heroic feats in creating and constructing work and have further strengthened our socialist economic foundation. In this magnificent struggle of practice, our people have come to believe even more firmly that they can always be triumphant and can always win proud victories, as long as they have the great Comrade Kim Chong-il [widaehan kim chong-il tongji].

This year, we are facing very heavy but honorable tasks in the area of socialist economic construction.

It is the third year since the great leader Comrade Kim Il-song passed away. It is also the year in which the 70th anniversary of the Down-With-Imperialism Union will be observed.

With all their heart, all people should uphold the militant tasks put forth by the joint editorial published in NODONG SINMUN and should bring about great revolutionary upsurges on all fronts of the socialist economic construction so as to display the spirit of socialist Korea under the red flag of the revolution and to make this year to be glorified as the year of history and fortune.

The socialist economic foundation is one of the three foundations of our own style of socialism. If this foundation is not strengthened, the solidness of our socialist fortress and its invincibility are impossible.

By continuing to strengthen the socialist economic foundation, only then will the solidness of the political and ideological foundation of socialism and the solidness of the military foundation of socialism be firmly guaranteed and will we be able to continue to live in our own way by smashing all maneuvers of the imperialists and reactionaries, and to unfailingly consummate the chuche

cause pioneered in the forest of Mt. Paektu by flying the red flag of the revolution high.

"Let Us Hold the Red Flag High and Vigorously Display the Spirit of Socialist Korea!" This is the slogan of struggle and march we should continue to uphold.

By winning practical results in the socialist economic construction, all people should brilliantly embody this militant slogan of the party which dynamically encourages them to a honorable life and to the victory of socialism.

The struggle to strengthen the socialist economic foundation is a sacred struggle to make our nation richer and more powerful. Thus, for our working people, nothing is more honorable than devoting themselves to this struggle and than performing feats.

This year, too, we should continue to vigorously struggle to implement the revolutionary economic strategy of the party so as to further improve the people's standard of living and strengthen the self-reliant economic foundation of the country as firm as a rock.

The great leader Comrade Kim Chong-il has indicated: Come what may, we should unconditionally and thoroughly fulfill the revolutionary economic strategy and attain the strategic targets of the party without fail.

Presently, the struggle to strengthen the socialist economic foundation is precisely the struggle to fulfill the revolutionary economic strategy of the party. Thus, attaining the strategic targets of the economic construction of the party is precisely strengthening our self-reliant socialist economic foundation, epochally improving the people's standard of living, and making our nation richer and more powerful.

What is most important in today's rewarding march is that all functionaries and working people more firmly refresh their determination to unfailingly accomplish the behest of the respected and beloved leader Comrade Kim Il-song and the economic construction plan of the great Comrade Kim Chong-il [widaehan kim chong-il tongji].

All working people should have firm determination and will to further strengthen the solid foundation of our chuche-oriented self-reliant socialist economy established by the respected and beloved leader Comrade Kim Il-song, to fully display its potential and vitality, and to put the great Comrade Kim Chong-il's [widaehan kim chong-il tongji] far-reaching economic construction plan into magnificent reality. At the same time, they should be ideologically prepared to further develop all sectors of the people's economy into the stablest and

most vital economy so that we can continue to survive by our own effort, no matter how unfavorable the situation may be, and to more vigorously display the superiority and invincible vitality of our own style of socialism centered around the people.

If we have such firm faith and will as expressed in the slogan "We Will Do, If the Party Decides!," we can overcome any difficulty and can occupy any fortress.

We should put more emphasis on agriculture, light industry, and foreign trade to strengthen the socialist economic foundation.

We should adhere to the party's agriculture-first policy, light industry-first policy, and foreign trade-first policy and should thoroughly implement these policies. By so doing, we should make a decisive turn in drastically strengthening the socialist economic foundation and improving the people's standard of living.

Functionaries and working people of the rural economic sector should make complete preparations for farming this year in a manner fitting masters responsible for the rice supply of the country. They should make a decisive turn in this year's grain production by doing farm work according to the demand of the chuche farming method.

All sectors of the people's economy should vigorously support the agricultural sector and ensure the timely production and supply of chemical fertilizers, pesticides, and other kinds of products needed for farming. They should send quality manure to rural areas and should organize a mass campaign to actively help the socialist rural areas.

Functionaries and working people of the light industrial sector should properly operate their plants and should produce more and better kinds of people's consumer goods. They should fully display the potential of the light industry by stepping up the modernization of production processes and facilities.

Many sectors of the people's economy should continue to organize export good production bases. They should continue to increase the production of export goods and epochally improve their qualities. By so doing, they should thoroughly implement the party's political foreign trade policy.

The coal, and metal industries are forefront and routes in implementing the party's revolutionary economic strategy.

Emphasis should be placed on the coal, and metal industries so as to rapidly increase the coal and steel production. Only then can production be stabilized in all sectors of the people's economy, overall economic activities of the country be dynamically carried out, and

our socialist economic foundation be further strengthened.

The coal industry should give priority to the tunneling and stripping work according to the policy of the party. It should drastically expand coal cutting areas, should maintain the coal cutting areas scientifically and technically, and should adopt many advanced coal cutting methods. By doing so, it should decisively increase coal production per-shift and per-rotation. Coal mines should systematically employ larger and more modern facilities and various transport means. By so doing, they should increase the amount of coal cutting and transport and should ensure the maximum operation of coal cutting areas.

The metal industry should adhere to our own steel production method and should employ it consistently. By managing furnaces properly and by employing many advanced melting methods boldly, it should increase the production of steel products of various types and qualities.

All sectors of the people's economy should actively support the coal, and metal industries. The ministry of forestry and other related ministries and enterprises should responsibly supply pit props to coal mines. At the same time, the machine-building, and chemical industries, and many other sectors of the people's economy should firmly establish an order of preferentially producing and supplying facilities and materials needed by coal mines. In addition, they should organize a mass campaign to collect and send scrap iron to steel mills, and to ensure the proper supply of necessary materials such as iron ore and other essential materials, related materials, fuel, and electricity.

The railway sector, by raising the flames of transport revolution, should strengthen its material and technological foundation so as to transport more cargoes more rapidly. By doing so, it should adequately accomplish its mission as a leading sector of the people's economy and as an artery of the country.

By upholding the slogan calling for us to make the utmost effort to produce and conserve like we did during the days of the great chollima upsurge, all sectors and units of the people's economy should mobilize and effectively utilize all hidden resources. They should save even a drop of oil, even a handful of coal, even a watt of electricity, or even a grain of rice. Technology should be renovated, and production processes and facilities should be constantly modernized so as to decisively reduce the cost of all industrial goods and to constantly improve the technological and economic standards of production and construction to advanced levels.

All functionaries and working people should work and live with the spirit of the Arduous March. This is a key to victory in the rewarding march of this year.

We are stepping up the socialist economic construction under the most difficult circumstances. In this situation, our struggle demands that we highly display the revolutionary spirit of self-reliance and arduous struggle to carry out the revolution to the end by our own effort, that we display the spirit of optimism to overcome all difficulties by not faltering and by not falling into defeatism under any unfavorable circumstances, and that we display the unyielding revolutionary spirit of working hard all the time, never expecting any reward.

All functionaries and working people should highly display the traditional spirit of self-reliance which filled the forest of Mt. Paektu during the anti-Japanese revolutionary struggle, and the spirit of the Arduous March which was displayed during those hard days of the war and during the days of the great chollima upsurge. They should display the fighting spirit of crossing a burning river and wading across muddy land. By doing so, they should solve problems arising in production and construction by their own effort and wisdom. They should accomplish feats and miracles of creating something from nothing.

Our functionaries are those who should take the lead in the rewarding struggle to strengthen the socialist economic foundation.

All functionaries of the state economic agencies, plants, enterprises, and cooperative farms should make positive effort to become Kim Chaek-type staff who would uphold the plan of the leader [yongdoja] not by word but by winning excellent tangible achievements. In particular, economic guidance functionaries should be ideologically determined to accomplish the economic tasks given by the party without fail. They should responsibly carry out the economic organizational work in a manner fitting masters and should competently and ambitiously oversee production in seething reality. They should think and think and should work and work to accomplish the given revolutionary tasks better. They should accomplish every task exemplarily by maintaining lofty political outlook, by employing outstanding ideas, and by exerting a revolutionary driving force.

We have the wise leadership of the great Comrade Kim Chong-il [widaehan kim chong-il tongji] and have the great ideology and revolutionary spirit established by the respected and beloved general [kyongachanun changgunnimkyeso] and we have the loyal and filial unity achieved around the leader [yongdoja] and have the powerful and vital socialist economic foundation.

Thus, we can certainly be victorious in this year's rewarding march.

Let us all follow the wise leadership of the great Comrade Kim Chong-il [widaehan kim chong-il tongji] and march forward, beating the drum of the revolution with faith in victory and with revolutionary optimism. By so doing, let us all further strengthen our socialist economic foundation and, thus, actively contribute to glorifying this year as a year of revolutionary turn to win a great victory by upholding the ideology of the red flag.

South Korea

ROK: YONHAP Reports Arrival of Anthony Lake in ROK 3 Feb

SK0302101996 Seoul YONHAP in English
1014 GMT 3 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP) — Anthony Lake, national security adviser to U.S. President, arrived here on Saturday afternoon to coordinate Washington's North Korean policy with South Korea, including provision of rice aid to the North.

While staying in Seoul, Lake will meet with Foreign Minister Kong No-myong, Unification Minister Kwon O-ki and Senior Presidential Secretary for Foreign Affairs and National Security Yu Chong-ha.

Lake is likely to explain to the senior South Korean officials about U.S. policy toward North Korea including the U.S. decision to provide 2 million U.S. dollar worth food aid to the communist country, according to the Foreign Ministry.

ROK: Lake To Inform ROK of Plans To Give Rice Aid to DPRK

SK0302022596 Seoul KBS-1 Radio Network
in Korean 0100 GMT 3 Feb 96

[FBIS Translated Text] Anthony Lake, U.S. national security adviser, who will reportedly inform the ROK of the U.S. intention to give rice aid to North Korea, will arrive in our country this afternoon at the invitation of Yu Chong-ha, ROK senior presidential assistant for diplomatic and security affairs.

It was learned that beginning next Monday Adviser Lake will visit in succession Foreign Minister Kong No-myong, Senior Assistant Yu Chong-ha, and Deputy Prime Minister Kwon O-ki, and will officially inform our government of the U.S. intention to give rice aid to the North.

During his visit to the ROK, Adviser Lake will also discuss measures for the European Union [EU] to participate in the Korean Peninsula Energy Development Organization [KEDO] as a member of its executive board in return for sharing heavy oil costs, which the United States had pledged to cover for North Korea.

Concerning this, our government will explain our side's position that rice aid to North Korea should be realized only if transparency is ensured first, and will maintain its previous position that as for the issue of the EU's participation on KEDO, its participation as an observer without veto rights can be reviewed.

ROK: Leaders, Lake To Discuss U.S. Policy Toward DPRK

SK0402075696 Seoul YONHAP in English
0749 GMT 4 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP) — U.S. National Security Adviser Anthony Lake, who flew into Seoul Saturday [3 February], will hold a series of talks with South Korean Government leaders Monday to discuss their respective North Korea policies including grain aid to Pyongyang.

The government leaders he is meeting Monday are Unification Minister Kwon O-ki, Foreign Minister Kong No-myong and Yu Chong-ha, President Kim Yong-sam's top adviser on foreign and security affairs.

Lake is expected to explain to them the background of Washington's decision Saturday to donate to North Korea 2 million U.S. dollars through the World Food Program to help ease its food shortages, according to government officials.

The direction of future American policy toward the hardline communist country will also be taken up.

While going along with Washington's indirect humanitarian aid of limited scale to Pyongyang, the government in talks with Lake is expected to make clear its objection to a large-scale direct government assistance so long as the tension on the Korean peninsula remains un eased.

The White House national security adviser is also expected to ask Seoul to share a portion of funds needed for supplying the North with substitute heavy oil under the 1994 nuclear agreed framework, explaining the budget shortage of the United States, an official said.

In this regard, America has been promoting a formula calling for admitting the European Union into the Korea Peninsula Energy Development Organization (KEDO) as an executive board member on condition that it finances a considerable proportion of the prices of heavy oil to be provided to the North.

The KEDO is an international consortium, led by the United States, South Korea and Japan, supplying Pyongyang with light-water reactors producing less weapons-grade materials as well as heavy oil in return for the freezing of its nuclear development program.

ROK: U.S.' Lake Meets With Foreign Minister, NSP Head

SK0502080296 Seoul YONHAP in English
0743 GMT 5 Feb 96

["U.S. Has No Plans To Lift Sanctions on N.K.: Lake" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Feb. 5 (YONHAP) — The United States has no immediate plans to lift economic sanctions against North Korea and it promised that it will not supply additional aid to North Korea unless agreements are reached between Seoul and Washington, a senior Foreign Ministry official said Monday.

"Anthony Lake, White House national security advisor, has not raised the issue of any further lift of economic sanctions on North Korea while meeting with Foreign Minister Kong No-myong," said Yim Song-chun, director general of the ministry's American Affairs Bureau.

Yim also said, while briefing reporters on the outcome of the meeting between Kong and Lake, that "the United States has no obligation to further ease the sanctions on North Korea under the agreed framework between Pyongyang and Washington."

Washington has already lifted some sanctions on Pyongyang as stipulated by the Geneva agreed framework and, if any further changes are made, it will not be because of the Geneva agreement but through improved relations between Pyongyang and Washington, Yim said.

Yim admitted that the Clinton administration has been pressured by the Pyongyang regime to take further steps to lift economic sanctions on the North but added that "such pressures are one thing and lifting of sanctions is another."

The recent decision by the United States to provide 2 million dollars in emergency food aid to the North has a limited purpose of helping the North cope with a series of floods which devastated part of the isolated communist state last summer, Yim said quoting Lake.

Yim also quoted the national security advisor as saying that the decision to provide aid to the North is a small-scale, symbolic and purely humanitarian gesture to the flood-stricken country without political implications.

The U.S. has promised that it will not provide any additional aid to North Korea without Seoul's consent, Yim said.

Yim also said that Kong and Lake had no differences in additional food aid to North Korea.

"Washington's North Korea policy will be made in the direction toward contributing to thawing inter-Korean relations," Yim said quoting Lake.

The U.S. official also supported Seoul's efforts to resume inter-Korean dialogue, stressing the need to resolve the Korean issue through inter-Korean talks, according to Yim.

On the question of whether or not Washington has dropped the Pyongyang regime from its list of terrorist states, Yim said that the U.S. Government is not in a position to drop the North from the list, although he could not comment on what information had been received from the United States regarding the issue.

U.S. President Bill Clinton decided not to visit Seoul this coming April when he tours Japan and Russia because "scheduling" did not allow him to visit Seoul, Yim said.

"Clinton's overseas trips tend to be restricted by the start of pre-elections in the United States this month," he said.

Yim was trying to deny reports that conflicts between Seoul and Washington on the North Korea policy resulted in the aborted attempt by South Korea to invite Clinton to Seoul before or after Clinton's visit to Japan.

Lake also reaffirmed U.S. defense commitments on the Korean Peninsula and East Asia, Yim said.

Kong and Lake also discussed America's comprehensive long-term defense strategy in the Northeast Asia.

The two discussed ways to ensure the full and smooth implementation of the Geneva framework agreement which calls for the North to scrap its suspected nuclear weapons program in exchange for heavy oil as an interim energy alternative for the North while the two light-water reactors are being constructed.

During the talks which lasted for more than an hour, Lake, however, did not ask that South Korea help the United States pay for the heavy oil promised to North Korea, according to Yim.

The two sides also agreed to closely cooperate at the United Nations Security Council, Yim said.

Lake had lunch with the Agency for National Security Planning (NSP) Director Kwon Yong-hae and was

supposed to meet with President Kim Yong-sam and Unification Minister Kwon O-ki in the afternoon.

The White House national security advisor will lunch with Foreign Minister Kong Tuesday.

Lake, who visited Seoul for the second time as national security adviser after his first visit to Seoul with U.S. President Clinton in 1993, will leave Tuesday afternoon for Tokyo.

ROK: Radio on Foreign Minister Kong's Meeting With Anthony Lake

*SK0502081596 Seoul KBS-1 Radio Network
in Korean 0700 GMT 5 Feb 96*

[FBIS Translated Text] U.S. National Security Adviser Anthony Lake, in today's meeting with Foreign Minister Kong No-myong, has stressed that there will be no U.S.-North Korea rapprochement excluding the ROK and that U.S. policy toward North Korea will be pursued in such a way that will help normalize North-South relations.

The Foreign Ministry revealed that Lake, in relation to the issue of \$2 million food aid to North Korea, stressed in the meeting that humanitarian aid to North Korea will be limited to a symbolic level.

Yim Song-chun, director general of the Foreign Ministry's American Affairs Bureau, revealed that the issue on easing economic sanctions against North Korea was not discussed during today's meeting. He said his understanding is that the United States will not take supplementary steps toward North Korea in addition to the step to ease economic sanctions, which was announced in January.

Director Yim added that the issues of additional rice aid to North Korea and heavy oil cost were not discussed during the meeting.

Lake reportedly conveyed to the ROK side that President Clinton's visit to the ROK in April is unlikely due to the political situation in the United States.

ROK: Daily Discusses Anthony Lake's ROK Visit, U.S. Rice Aid

SK0302034396

[FBIS Summary] On 3 February the moderate ROK daily newspaper KYONGHYANG SINMUN carries on page 3 a 1,000-word editorial concerning the 3 February visit to the ROK by U.S. National Security Adviser Anthony Lake. Under the title "What Adviser Lake Brings to the ROK on This Visit," the editorial says that Lake has come to Seoul to discuss pending issues between the ROK and the United States, including U.S. rice aid to North Korea "at a time when differences

between the ROK and the United States surrounding rice aid to the North have been exposed," thus attracting the focus of attention. The editorial points out that the United States now has the burden of having to seek "financing to supply heavy oil to North Korea" since implementing the DPRK-U.S. framework agreement reached in Geneva now appears to be difficult, and "these problems will be major topics of discussion during the meeting between Adviser Lake and our government officials."

The editorial emphasizes that "What we are most worried about concerning the visit to the ROK by the White House's national security adviser is the possible U.S. intention to directly link the issue of rice aid to North Korea with the concept of a security threat on the Korean Peninsula. If the United States, proceeding from such a stance, attempts to pressure our government to accept rice aid to North Korea, it will have committed a very unwise act because this could develop even to the point where ROK-U.S. trust is damaged." Recalling the agreement between the ROK, the United States, and Japan in Hawaii that "unless there is a change in North Korea's attitude, government-level food aid will not be provided," the editorial points out that "If there is a need to further discuss the issue of rice aid, it should be discussed at a follow-up session of the Hawaii conference" because the White House national security adviser's discussion of the issue of rice aid to North Korea while visiting Seoul means "going beyond the negotiations already held between three countries."

Saying that Adviser Lake's plan to visit Japan on his way home and the plan of a Japanese coalition party delegation to visit North Korea to discuss additional Japanese rice aid to North Korea arouses our keen attention. The editorial emphasizes that "at the very least, what was previously agreed between the three countries of the ROK, the United States, and Japan all should be observed by all means, although the ROK Government is not in a position to implement the policy toward North Korea in a self-righteous manner." The editorial concludes by pointing out that "discussions of issues concerning North Korea by the three countries should be carried out based on mutual cooperation and in an open manner," and calls on the ROK Government to keep this in mind.

**ROK: Daily on U.S. 'New Approach' to DPRK;
Anthony Lake's Visit**
SK0302044796

[FBIS Translated Summary] On 3 February the left-leaning ROK daily newspaper HANGYORE SINMUN carries on page 3 an 1,100-word article by Washington-based correspondent Chong Yon-chu on indications of

a change in U.S. policy toward North Korea, as seen in the visit to the ROK by Anthony Lake, U.S. national security adviser.

Noting that North Korea's "serious food shortages and the economic crisis caused by this have emerged as a factor shaking the basic policy to maintain the present situation on the Korean Peninsula," the article says that "the visit to the ROK by Anthony Lake, White House national security adviser, who is U.S. President Bill Clinton's brain for diplomatic and security affairs, has been promoted by the U.S. intention to review how the ROK and the United States should cope with the basic change in the situation in order to meet the security interests of the two nations." Referring to the report that Adviser Lake called experts on Korean issues to the White House to discuss policies toward North Korea and held long discussions twice last year, the article points out that the topic of discussions at the time was "merely North Korea's nuclear problem," but Adviser Lake approached the North Korean issue "with a quite different vision and attitude." He presided over the seminar, which discussed various scenarios for meeting U.S. interests, including "whether the United States should allow North Korea to collapse." The article points out that "the U.S. Government regards the soft-landing of North Korea's economy as necessary for the United States' stable management of the Korean Peninsula," and presents the view that the U.S. should help North Korea make a soft- economic landing, and thus "the further lifting of economic sanctions on North Korea is necessary."

The article notes that the current ROK visit by U.S. National Security Adviser Lake appears to be intended as "a fact-finding trip to comprehensively examine U.S. policies toward North Korea in the field." The problem, the article emphasizes, is "how creative and comprehensive policies on North Korea can be mapped out by the ROK Government in light of the U.S' new approach to North Korea." The article concludes by referring to experts' remarks that our government's short-sighted measures to solve problems quickly without any principle, adhering only to domestic issues, will not be appropriate in "this newly developing situation."

**ROK: 'Changes' in U.S. DPRK Policy Seen as
'Reelection Strategy'**

SK0302135896 Seoul KBS-1 Television Network
in Korean 1200 GMT 3 Feb 96

[FBIS Translated Text] [Anchor Yu Kun-chan] The United States is showing signs of unilaterally accelerating its approach toward North Korea. The United States has unilaterally decided to provide North Korea with \$2 million in food aid, deleted North Korea from the list of

terrorist nations, and canceled President Clinton's visit to the ROK. The majority opinion believes such drastic changes in the U.S. policy toward North Korea are the result of President Clinton's reelection strategy. Cho Sun-hyong reports from Washington.

[Begin recording] [Cho] The United States announced today it will provide North Korea with \$2 million in food aid. The U.S. State Department explained the decision was made on a humanitarian basis, because the United States could no longer abandon the North Korean people who are suffering from famine. In addition, THE JOURNAL OF COMMERCE, a U.S. trade journal, reported on today's front page that the United States quietly excluded North Korea from the group of terrorist nations. White House Spokesman McCurry stated President Clinton is unable to visit the ROK after his visit to Japan in April due to his tight schedule.

Critics believe this series of U.S. moves shows the U.S. concept and view of North Korea is far different from the ROK's, and that U.S. policies are changing too drastically without any consideration of the ROK's position and concept. The Clinton administration plans to explain recent U.S.-North Korean relations through White House Security Adviser Anthony Lake, who left for Seoul today. Lake is expected to stress that such changes were inevitable and are pursuant to the U.S.-North Korea Geneva agreement.

[U.S. State Department Spokesman Nicholas Burns, identified by subtitle, speaking in English] What's important to the United States and North Korea is that the agreed framework be maintained. It is being maintained. And that the freeze of North Korea's nuclear programs be sustained, and that is happening.

[Cho] President Clinton's reelection campaign cites the U.S.-North Korea Geneva agreement, which froze North Korea's nuclear program, as his greatest foreign policy achievement. The majority opinion believes the drastic changes in the U.S. administration's policy toward North Korea are connected with the presidential election slated for November this year. [end recording]

ROK: Daily—U.S. Policy To 'Appease' DPRK Becomes Active

SK0502050696 Seoul CHUNGANG ILBO in Korean
5 Feb 96 p 6

[Editorial: The U.S. Pace Toward Pyongyang]

[FBIS Translated Text] The U.S. policy to appease North Korea is becoming unprecedentedly active. The U.S. Government announced on 2 February that it will pay for food aid to North Korea through an international

organization. Not long after the announcement, the United States is showing moves to lift more economic sanctions on North Korea. Moreover, the United States reportedly will exclude North Korea from the list of terrorist countries.

These actions are taking place concurrently, giving us an impression that the U.S. Government has suddenly speeded up the improvement of relations with North Korea. The impression is coupled by the reports that the U.S. Government disagreed when the ROK urged the United States to reconsider food aid and other issues related to North Korea.

From the ROK Government and the people's point of view, such U.S. moves are undesirable in many aspects. No matter what the U.S. intention is, North Korea has eventually achieved its demand to exclude the ROK and have direct communications with the United States. Some people worry that the anti-North alliance between the ROK, the United States, and the neighboring countries is weakening.

We cannot just worry and do nothing about this. The recent U.S. attitude shows that the U.S. policy on North Korea does not necessarily concur with the ROK's. Reality teaches us that we can no longer expect the United States to act as we wish. In addition to strengthening the alliance, we should be cool-headed and make more efforts to cope with reality.

The ROK people are distressed because the recent U.S. approach toward North Korea is developing at a stretch. However, the changes were anticipated following the Geneva agreement between the United States and North Korea. Only a year ago, the United States merely took a symbolic step in easing economic sanctions on North Korea. Now that the agreement on the supply of light-water reactors has been concluded, additional relaxation of economic sanctions were foreseeable.

Therefore, the United States is not to be blamed. We only want to stress the point that the United States should have had sufficient discussions with the ROK, which is a party involved in issues concerning the Korean peninsula, and should have considered the ROK's opinion.

ROK: Dailies on U.S. Decision To Aid DPRK, Lake's Seoul Visit

SK0402072096

[FBIS Report] On 4 February several of the major ROK vernacular dailies published editorials and an article on the U.S. decision to provide food aid to the DPRK and on U.S. National Security Adviser Anthony Lake's visit to the ROK.

The conservative CHOSON ILBO carries on page 3 a 1,000-word editorial entitled "High-Ranking U.S. Official's Visit." Noting that Anthony Lake, White House national security adviser, came to Seoul following the U.S. announcement of its plan to offer food aid to North Korea "despite our opposition," the editorial writes that he will explain "the need for food aid to North Korea" and will seek ROK cooperation for the U.S. policy. The editorial points out that noting that North Korea's nuclear program has been frozen since the Geneva agreement was reached in October 1994, the United States assesses that "by helping North Korea, which has fallen into a food crisis, the factors contributing to an unexpected abrupt situation should be eliminated." In addition to its aid amounting to \$2 million, the United States is reportedly encouraging the ROK and Japan to offer rice aid and share the expenses for heavy oil.

The editorial writes that "although \$2 million is only 1 percent of the cost of rice we provided to North Korea last year, in view of the U.S. role played in its relations with North Korea, the impact of this money offered in aid will not be minor at all." In particular, amid the political situation faced with the upcoming general election, "we are placed in an embarrassing position," because the lesson we learned from providing rice to North Korea during the 27 June local elections is still "fresh." The editorial writes that "if our policy on rice aid changes abruptly following Adviser Lake's visit, this could have an impact on the general election," and that "the situation will not change even with the visit of a high-ranking U.S. official. As such, the government's policy should not waver." The editorial calls on the government to maintain consistency in implementing the policy toward North Korea "irrespective of the elections" and notes that this principle should also be observed in the United States, stressing that "if one attempts to win votes by presenting a picture transporting rice and daily necessities to North Korea, it will be misused by North Korea."

The editorial concludes by stressing that "the urgent rice aid will not be effective in reviving the North Korean economy and achieving the nuclear freeze and stability in Northeast Asia. Also, if only finished products were to be offered, North Korea's self-reliance efforts would be reduced," thus, the editorial calls for the implementation of a development policy "through a change in North Korea's economic system."

In a 900-word article by Ku Song-chae on page 6, CHOSON ILBO explains the background of the U.S. decision to provide food aid to DPRK, and Security Adviser Lake, now visiting Seoul, may ask about "the ROK Government's measures to prevent an unexpected abrupt situation from breaking on the Korean peninsula"

by stressing that the U.S. Government made efforts to prevent this. However, our government's answer to this would be "opposition to such short-term support for North Korea," prompted by its assessment that North Korea's rice situation is "sufficient to sustain itself for six months," and by North Korea's continuous slander of the South and rejection of dialogue between the authorities. However, the editorial notes that the government will be flexible on the provision of aid after six months, noting that our government is hoping for "a soft landing" of the North Korean economy. The article points out that even if the ROK aid was to be offered, the ROK would have to buy food from other foreign countries because the domestic stock of rice is already running short or would have to financially guarantee the purchase.

The moderate HANGUK ILBO publishes on page 3 a 1,100-word editorial entitled "Wavering Joint Cooperation Against North Korea." The editorial writes that the U.S. decision to offer \$2 million in aid to North Korea "has driven the ROK Government to an embarrassing position internally and externally" and that the U.S. announcement of its decision just one day before the visit to the ROK by Lake, White House national security adviser, "is indeed a regrettable self-righteous act of a big power," thus "unilaterally shaking the ROK-U.S. joint cooperation system against North Korea." The U.S. decision will make the people of the world think that "the ROK is a hardline country opposing food aid" and showed that "one may break the pledge for cooperation at any time when necessary for one's national interest, regardless of the differences in views and opinion from one's ally." The editorial points out that what attracts the focus of attention is "the possibility that the United States may use the food aid as an overall turning point in its policy toward North Korea" and that "the U.S. strategy is to embrace North Korea, instead of waiting for its collapse, and to bring North Korea under the sphere of the U.S. influence by making it open up and survive." The editorial also notes that the cancellation of President Clinton's visit to the ROK is "aimed at evading the ROK's resistance." Under this situation, the editorial stresses, the government should inform visiting Security Adviser Lake of its clear position that "rice aid should be offered on the premise that North-South dialogue is held and that fact-finding work for the real rice situation." The editorial concludes by calling on the government "to protest U.S. dropping North Korea from the list of terrorist states" and to emphasize that "the unilateral turn in U.S. policy toward North Korea may result in mapping out the ROK's independent North Korean policy."

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word editorial entitled "Wavering Cooperation Against North Korea." Noting the United States has overturned the agreement reached between three nations in Hawaii, the editorial points out the U.S. unilateral disregard of the agreement is not righteous and that the ROK Government is also partly responsible for making a cooperative system between the three nations become nothing but a name. The editorial goes on to say that the ROK accepted the U.S. and Japanese position to provide aid to North Korea "accidentally" just before Security Adviser Lake's visit to Seoul, thus showing "the passive attitude of the government in ROK-U.S. diplomacy."

The pro-government SEOUL SINMUN publishes on page 3 a 1,000-word editorial entitled "Lake's Visit to ROK and the ROK's Position." Noting that Lake will begin the work to "persuade" the ROK concerning the U.S. decision to provide food aid to North Korea, the editorial states that despite the completion of coordination work between the three countries in the Hawaii meeting, Lake's persuasion can hardly be understood, and points to "differences in views between the ROK and the United States on their respective political and diplomatic interests." The editorial urges the United States to realize that "as long as the issues of the Korean peninsula are concerned, the ROK's interests are more important than those of the United States. The ROK is directly subject to be affected by such issues. As such, the United States should strive to understand the ROK position and to reflect it in its policy implementation."

ROK: Daily Discusses U.S. Decision To Offer Food Aid to DPRK

*SK0302110096 Seoul MUNHWA ILBO in Korean
3 Feb 96 p 7*

[Editorial: "Hasty U.S. Policy Toward North Korea"]

[FBIS Translated Text] The U.S. Government has decided to offer government-level food aid to North Korea. The U.S. Government announced that it has decided to provide North Korea with \$2 million-worth of food aid through the World Food Program in defiance of the ROK Government's request to refrain from offering rice aid to North Korea for the time being. The U.S. decision was prompted by the basic difference in views between the ROK and the United States over North Korea's food shortage. The ROK assesses this year's North Korean food shortage at approximately 1.2 million tonnes, stating North Korea could supply food to the people for nine to 10 months through reduced distribution. The United States estimates this year's shortage at 1.2 million to 2 million tonnes, and presumes that if the previous shortage of 2 million tonnes is added,

then the total shortage will exceed 3 million tonnes. As a result, North Korea will suffer serious food shortages not only now but also in the future.

In addition, the United States observed that the present food crisis in North Korea poses a threat to "the peace process on the Korean peninsula" which was begun with the freeze of North Korea's nuclear development. Japan has a similar view as the United States. The ROK, the United States, and Japan temporarily resolved this issue during the high-level policy coordination conference held in Hawaii on 25 January. However, since then they continue to disagree. Viewing North Korea's food problems from a humanitarian standpoint, the ROK has indeed agonized over the issue because to agree with U.S. food aid to North Korea, especially under circumstances in which North Korea has not abandoned its slander and defamation against the ROK and its total rejection of the ROK, would not only run counter to existing ROK policy on North Korea but also to the people's sentiment.

However, on 2 February the ROK Government has reached a decision. Foreign Minister Kong No-myong, who is attending a meeting of the foreign ministers of 10 nations to prepare for the Asia-Europe Meeting [ASEM], stated: "If U.S. food aid is small in scale and is provided through international organizations, the ROK will not be opposed." Such an attitude by the government can be assessed as a far-sighted view to give heed to international public opinion while making efforts not to damage the framework of mutual cooperation against communism. Needless to say, this attitude should not become a revision of our policy toward North Korea.

Keeping the November presidential election in mind, the Clinton administration is moving to unilaterally hasten its approach to North Korea on the pretext of rejecting a "microscopic and single-tracked policy regarding the North." We should not remain an onlooker to such moves. We hope the current U.S. food aid to North Korea will not be linked to the establishment of diplomatic relations and the nuclear issue.

At the same time, we would like to advise the government to react flexibly in its existing policy toward North Korea. In other words, although present North-South relations are to be maintained, the government should consent to improved DPRK-U.S. and DPRK-Japan relations, and should actively help North Korea resolve its difficult situation through private organizations, including religious groups. Nevertheless, the government should not hastily change its policy on North Korea, nor should it recognize the excessively-hasty approach by the United States regarding North Korea.

ROK: U.S. Government To Stress Importance of Easing Military Tensions

*SK0402115596 Seoul KBS-1 Radio Network
in Korean 1000 GMT 4 Feb 96*

[Report by Yi Hyon-chu from Phuket, Thailand]

[FBIS Translated Text] The U.S. Government has reportedly sounded out the ROK Government on its so-called active policy for inducing the opening up of North Korea, a policy that features lifting additional economic sanctions against the North. The United States sought the additional relaxation of economic sanctions against North Korea, such as allowing U.S. firms to make small investments in North Korea, expanding the volume of remittances to North Korea, and revising some pertinent regulations. The United States also reportedly mentioned steps for improving U.S.-North Korea relations, such as establishing U.S. and North Korean liaison offices, to go along with the additional relaxation of economic sanctions against North Korea.

A government official attending the Asian foreign ministers meeting in Phuket, Thailand stated the above, explaining the U.S. believes it is necessary to take an active policy to embrace North Korea, which faces difficulties such as the rice shortage, and induce it to open up.

The government official stated: In this regard, our government will officially convey to the U.S. Government its position that steps for easing military tensions should be taken first. The first step for easing military tensions that our government insists on is that North Korea abandon its missile exports, join the chemical weapons prohibition treaty, and move its military forces deployed in the front back to the rear.

The official added that the ROK position will be conveyed to the United States through Anthony Lake, the U.S. White House national security adviser who arrived in the ROK on 3 February. The official also said the ROK and the United States will further coordinate their opinions during full-fledged talks between National Security Adviser Anthony Lake and ROK Government officials in charge of security affairs, which are set to begin 5 February.

ROK: U.S. To Improve Visa-Issuing Procedures for South Koreans

*SK0302080396 Seoul YONHAP in English
0749 GMT 3 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP) — Mary A. Ryan, U.S. assistance secretary for consular affairs, promised on Saturday that the U.S. Government

will improve its visa-issuing procedures for South Koreans soon, the Foreign Ministry here said.

Ryan, in her meeting with Choe Tae-hwa, deputy foreign minister, explained that the U.S. administration is actively studying ways to improve its visa-issuing procedures in South Korea in an effort to promote Korean-U.S. bilateral relations.

At the meeting, Choe asked the U.S. Government to actively study ways of visa waiver for South Koreans, pointing out that South Koreans are having much difficulties in receiving visa from the U.S. Embassy because of delayed service.

Ryan said that the U.S. Government will lower the age limit for those who can use the Travel Agency Referral Program (TARP), in which one can have a travel agency to apply for and receive his or her visa from the embassy, from the minimum 30 to minimum 25.

The U.S. Government will also increase the number of its designated travel agencies for the TARP from the current 140 to 200.

Those South Koreans who do not want to have trouble of visiting the embassy for the visas can receive them through special delivery mail, which the applicants should pay, from next week.

ROK: U.S. To Give DPRK 2 Million Dollars of Food Through WFP

*SK0302030396 Seoul YONHAP in English
0253 GMT 3 Feb 96*

[FBIS Transcribed Text] Washington, Feb. 2 (YONHAP) — The United States Government decided to provide 2 million U.S. dollars worth of food to North Korea Friday, despite the South Korean Government's request that Washington refrain from sending additional aid to the communist country for the time being.

In a prepared statement, Acting State Department Spokesman Glyn Davies said that "In response to an appeal from the United Nations World Food Program (WFP), the U.S. Government has decided to provide 2 million dollars of humanitarian assistance for use on flood related relief in North Korea."

Davies explained that U.S. assistance will be in the form of a grant from USAID's Office of Foreign Disaster Assistance (OFDA) to the WFP for the procurement of foodstuffs.

South Korea and the United States have had conflicting views on the food aid issue because Seoul's position is that the food shortage in the North is not very

severe, while Washington has insisted on their need for humanitarian assistance.

The statement noted that the recent floods in North Korea destroyed significant portions of rural farmland resulting in widespread food shortages and malnutrition, and added that "the floods have worsened an already significant food shortage, which the WFP estimates may exceed one million tons this year."

Recalling that the United States provided emergency humanitarian assistance to North Korea through UNICEF last year, the statement said, "the U.S. Government has chosen WFP as the channel for this assistance because of its ability to monitor closely distribution to ensure that the aid reaches those in need."

ROK Does Not Oppose U.S. Aid to DPRK on 'Small Scale'

SK0302050796 Seoul YONHAP in English
0452 GMT 3 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP) — South Korea reiterated Saturday that it will not oppose any humanitarian assistance to North Korea by the United States through international relief organizations.

Foreign Ministry Spokesman Chang Chul-kyun said that Seoul and Washington had close consultations before the United States announced Friday that it will supply 2 million dollars in emergency food aid to North Korea through the United Nations World Food Program (WFP).

"The purpose of the U.S. Government's decision to provide the North with assistance, which was made to meet demands by the United Nations for humanitarian assistance for the North Korean people in the flood-stricken areas, is to support activities of the WFP, which is monitoring distribution of food aid to North Korean people, and to lead North Korea to continue contact with the international community," he said.

After close consultations between South Korea and the United States on the provision of such aid, Washington notified Seoul Friday of its decision to provide an aid package from its Foreign Disaster Assistance (FDA), which is affiliated with the Agency for International Development (AID), to the North through the WFP, according to the spokesman.

"We have no reason to raise an objection to such humanitarian assistance on a small scale," he said, recalling that South Korea had agreed with the United States and Japan in Honolulu that it would not oppose such small-scale aid to the North.

The spokesman pointed out, however, that the three sides agreed at last month's Hawaii talks that any large-scale government assistance to North Korea should be preceded by certain conditions, including an objective evaluation of the North's food situation and the guarantee of transparency in the aid's distribution.

White House National Security Advisor Anthony Lake will arrive in Seoul later in the day to coordinate Washington's North Korean policy, including the provision of rice aid.

Lake will meet with Foreign Minister Kong No-myong, Unification Minister Kwon O-ki and Senior Presidential Secretary for Foreign Affairs and National Security Yu Chong-ha.

ROK: Seoul Getting 'Short End of the Stick' in U.S. Negotiations

SK0402014396 Seoul THE KOREA TIMES in English
4 Feb 96 pp 1, 2

[Report by staff reporter Son Ki-yong]

[FBIS Transcribed Text] Seoul appears to be getting the short end of the stick in recent negotiations with the United States, especially on the North Korean food situation and a visit by President Bill Clinton to Seoul.

Only a few days have passed since Seoul, Washington and Tokyo agreed in Hawaii not to offer government-level grain aid to North Korea as long as the reclusive regime makes no attempt to promote inter-Korean dialogue.

However, the United States is now pushing ahead with government-level aid to Pyongyang even if it is "indirect and small-scale."

So far, the Korean government has diplomatically striven to stop the U.S. and Japanese governments from offering large-scale aid to North Korea until the real North Korean food situation is "objectively determined" and its "transparency of distribution" is secured, as agreed in the three-way meeting in Hawaii.

Questions also arise on what was Seoul's diplomatic goals at the moment because even Foreign Ministry officials see that the U.S. government cannot afford to offer large-scale aid to North Korea because of its budget straps.

As the U.S. government's aid amounts to only two million dollars, regarded as "symbolic" compared to Seoul's over 200 million dollars in grain aid to North Korea last year, Washington apparently felt no need to offer the small money directly to North Korea, risking its friendly relations with Seoul.

The U.S. government understandably had no choice but to offer the money to save face amid increasing pressure from U.S. human rights bodies, non-governmental organizations and the press.

With the U.S. government's additional 2-million-dollar assistance becoming a reality, Seoul officials have made efforts to minimize the shock to the Korean people over the past several days.

Earlier, Deputy Foreign Minister Pan Ki-mun indicated vaguely to the Korean press the probability of further Washington aid.

The Foreign Ministry, commenting on the United States' additional 2-million-dollar assistance to North Korea, said yesterday that Washington's action came after close consultations with Seoul.

The ministry's reaction was apparently elicited by some media reports that the United States had decided unilaterally to send the aid without full consultation with Seoul, which has steadily opposed grain aid to North Korea.

"Following a series of negotiations, both countries decided a small amount of humanitarian aid through an international organization would be appropriate," a ministry spokesman said.

He added that the United States informed Seoul Friday that it was donating two million dollars to the World Food Program to help North Koreans hit by unprecedentedly severe flooding.

Earlier, Washington donated 225,000 dollars to the U.N. Children's Fund (UNICEF) to help alleviate North Korea's food crisis.

The spokesman said that Washington's aid from its "foreign disaster assistance" fund is designed to support activities by the World Food Program to monitor the fair distribution of aid to North Koreans and ensure the North's steady contact with the international community.

Meanwhile, Seoul had also sought to realize a stopover visit by President Clinton in Seoul in April 18 on his way from Japan to Russia, only to face rejection from Washington.

A ministry official, well versed in U.S. affairs, refused to comment in apparent displeasure with Washington's decision.

As Seoul officials viewed that Clinton's visit to Seoul would not only boost security on the Korean peninsula but also help improve the image of the Kim Yong-sam government Washington's decision could be interpreted as a diplomatic slight of Seoul.

U.S. National Security Advisor Anthony Lake arrived in Seoul yesterday to discuss "strategic" issues. He is also expected to explain U.S. government positions to appease Seoul and relieve disappointment with recent U.S. decisions.

He is expected to meet Deputy Premier-National Unification Minister Kwon O-ki, Foreign Minister Kong No-myong, and senior presidential advisor Yu Chong-ha before leaving Tuesday. It is not yet certain whether he will meet President Kim Yong-sam.

ROK: Article Analyzes U.S. Policy To Ease Sanctions Against DPRK

SK0502064596 Seoul CHUNGANG ILBO in Korean
5 Feb 96 p 4

[Article by Kim Song-chin from Phuket]

[FBIS Translated Text] The ROK and the United States have continued discussions on the alliance in establishing a policy on North Korea, but have failed to narrow their disagreements. Despite the ROK's opinion, the United States has reportedly conveyed to the ROK its policy to provide North Korea with food aid and take steps to ease economic sanctions. This strongly indicates that discord between the ROK and the United States will continue.

An ROK Government official attending the Asia-Europe meeting commented on 4 February that disagreement between the ROK and the United States has become obvious. The official diagnosed: "The United States is vulnerable to North Korea's pressure," and expressed concern that the United States is being driven by North Korea in implementing its duty of easing sanctions on North Korea, which is a follow-up measure of the Geneva agreement.

The official pointed out that the United States is not a direct party concerned to issues on the Korean peninsula, stating: "In terms of geopolitics, the United States and the Korean peninsula are separated by the Pacific Ocean. Even though the United States has its troops stationed in the ROK, it is not a direct party concerned." For this reason, it is natural for the ROK and the United States to have disagreements.

The problem is that North Korea is using this disagreement, and the ROK Government believes North Korea is adding fuel to the disagreement. The official said: "North Korea is making a reverse use of the U.S. appeasement, while the ROK is asking the United States to prudently establish and implement a policy on North Korea."

Rather than unilaterally accepting North Korea's demands, the United States should persuade North Korea

that the improvement of North-South relations is the only way to achieve detente on the Korean peninsula, and a way for North Korea to seek survival. The official asserted that in order for North Korea to survive, it should first improve North-South relations before improving relations with the United States and Japan.

ROK: YONHAP Notes Clinton Decides Not To Visit ROK in Apr

SK0302003296 Seoul YONHAP in English
0012 GMT 3 Feb 96

[FBIS Transcribed Text] Washington, Feb. 2 (YONHAP) — U.S. President Bill Clinton has decided not to visit South Korea after his tour of Japan and Russia in April, White House Spokesman Mike McCurry said Friday.

White House National Security Advisor Anthony Lake, who is to arrive in Seoul Saturday, will convey Clinton's regret over his decision not to include South Korea on his itinerary, he said.

A South Korean Embassy official here, meanwhile, said, "We have extended an invitation for President Clinton to visit South Korea at any time. But the White House has informed us that time limits render it difficult for him to visit Seoul this time."

Clinton's decision draws attention because it came amid lingering differences between the two countries on the issue of additional food assistance for North Korea.

ROK: Foreign Minister Kong Interviewed on U.S. Aid, KEDO

SK0502025196 Seoul HANGUK ILBO in Korean
5 Feb 96 p 5

[Report on interview with ROK Foreign Minister Kong No-myong, by unidentified reporters at a news briefing held in Phuket, Thailand, where Minister Kong is attending a ministerial meeting to prepare for the Asia-Europe Meeting, on 4 February; report by Ko Tae-song]

[FBIS Translated Text] [Reporter] The United States announced that it will provide North Korea with food aid through an international organization. What is the ROK Government's position on this?

[Kong] The U.S. aid is a small-scale and indirect aid. I do not consider this government-level aid. The ROK, the United States, and Japan have already agreed at the Honolulu policy council to withhold large-scale government-level aid. Japan is likely to provide additional aid to North Korea in a similar way to the U.S. aid. The ROK Government's position has been consistent in that even the indirect aid through international organizations should be given with the

assurance that the aid will not be diverted for other purposes, and that the aid should be limited to a symbolic level as long as North Korea does not change its attitude.

[Reporter] What is the government's position on Japan's plan to send a coalition party delegation to North Korea?

[Kong] Considering the principle of harmony and balance, that is, to keep the pace of Japan's approach toward North Korea with that of the development of North-South relations, the timing is inappropriate. Around 10 February, Yamasaki Taku [name as transliterated], secretary-general of the Japanese Liberal Democratic Party, will come to the ROK. We will clearly convey our stance to him. Japanese Prime Minister Hashimoto Ryutaro recently said to ROK officials that Japan will not take a compulsive policy on its approach toward North Korea.

[Reporter] How will the issue of heavy oil cost for North Korea be resolved?

[Kong] Our position remains firm that the ROK will not pay for the cost. We are inviting the participation of the EU and Japan. Japan has shown positive reaction to this issue. A proposal being studied is that the EU pay approximately \$20 million annually for the heavy oil cost, and obtain a nonpermanent membership without the veto rights in the Korean Peninsula Energy Development Organizations [KEDO], and participate in part of the light-water reactor project. Japan is likely to share a minimum \$10 million to \$30 million additional heavy oil cost annually.

[Reporter] Are the ROK and the PRC in disagreement on the abduction of Pastor An Sung-un?

[Kong] The ROK Government is urging the repatriation of Pastor An, but the PRC is showing disapproval, saying that the prosecution has only started legal proceedings. The PRC reaction appears to be in consideration for North Korea. This may lead to discord. The ROK Government's position is that the PRC should clarify whether Pastor An was kidnapped, and take steps to repatriate Pastor An.

[Reporter] Will there be separate ROK-Japan and ROK-PRC summit talks at the ASEM [Asia-Europe Meeting] slated for 1 March?

[Kong] The heads of state will not have an opportunity to meet with each other before March. I expect that the heads of state from the ROK, Japan, and the PRC will naturally meet with each other at the ASEM. As far as I know, Premier Li Peng will attend for the PRC.

**ROK: DPRK Said To Have Sent Letter to U.S.
Denouncing Terrorism**

SK0402011296 Seoul KBS-1 Radio Network
in Korean 0000 GMT 4 Feb 96

[Report by correspondent Cho Sun-yong from Washington]

[FBIS Translated Text] A diplomatic source in Washington has revealed that on 30 January, North Korea sent an official letter to the U.S. State Department denouncing [pinan hanun] terrorist acts.

Noting that the U.S. State Department is presently reviewing the contents of the letter, the official said the North Korean letter failed to meet the U.S. demands to adhere to the Tokyo treaty renouncing terrorist acts. As such, the letter cannot be regarded as an official declaration renouncing terrorist acts.

North Korea's letter is interpreted as a preliminary preparatory work to seek additional relaxation of U.S. economic sanctions and to have the United States drop North Korea from the list of terrorist states to be announced by the U.S. State Department this coming April.

In 1991, a high-ranking North Korean Foreign Ministry official made remarks denouncing terrorist acts, and since then, North Korea has denounced terrorist acts on several occasions.

**ROK: Foreign Minister Kong Vows To Aid DPRK
If Tensions Reduced**

SK0502101996 Seoul YONHAP in English
0942 GMT 5 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 5 (YONHAP) — South Korea will do its utmost to help North Korea cope with its food shortage and other problems it faces if Pyongyang will take steps to ease tensions on the Korean Peninsula, Foreign Minister Kong No-myong said Monday.

Kong made the remarks while opening the annual meeting of the country's overseas mission chiefs.

Kong also told the envoys that "the biggest challenge facing the Foreign Ministry this year will be effectively dealing with the volatile North Korean issue."

Noting that North Korea is currently confronted with a food crisis and political instability, Kong said that the envoys will have to devise a strategy of accommodation that can effectively deal with any development that stems from the unstable situation in the North.

**ROK: Private Groups Asked To Aid DPRK
Through Single Conduit**

SK0502111396 Seoul YONHAP in English
1101 GMT 5 Feb 96

["Gov't Urges Private Bodies To Give Aid Through Single Conduit" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Feb. 5 (YONHAP) — The government has recently urged religious and other private organizations to refrain from trying to provide assistance to North Korea through their own channels, an official at the National Unification Ministry said Monday.

"We have sent official messages to about 80 religious and social organizations, asking them to respect the government policy that all non-governmental assistance to the North should be made by way of a single conduit," he said.

The single conduit mentioned in the letters is the Korean National Red Cross (KNRC).

The official said that the government urging came after some religious and other private organizations came in contact with North Korea in China or some other third countries, promoting the provision of food and other aid to the North directly or through international organizations they belong to.

"Such a move by some organizations at this time when North Korea does not show any sincerity toward improving South-North relations cannot be of any help to the improvement of inter-Korean relations," the official said.

If the advice goes unheeded to, [as received] he said, the government may consider taking some legal sanction against them.

**ROK: Kong Urges Japan To Ensure Transparency
of Rice Aid To DPRK**

SK0302115596 Seoul YONHAP in English
1143 GMT 3 Feb 96

[FBIS Transcribed Text] Phuket, Thailand, Feb. 3 (YONHAP) — Foreign Minister Kong No-myong said on Saturday that even if the Japanese Government would provide food aid indirectly to North Korea through an international organization, food situation in the North should be examined first.

At his meeting with his Japanese counterpart Yukihiro Ikeda, Kong said that Japan, before supporting the food, should secure transparency of the distribution of the provided food including ways to guarantee that the food not be transferred for military use.

It was the first meeting between the two foreign ministers since Japan's new cabinet led by Prime Minister Ryutaro Hashimoto inaugurated. Kong is attending the meeting of the foreign ministers of South Korea, Japan, China and seven members of the Association of South-east Asian Nations (ASEAN).

They will coordinate their positions and forward them to the upcoming Bangkok Asia-Europe Summit meeting of 25 heads of states slated for March 1-2.

Kong said, "If the United States or Japan would provide food aid indirectly and in small-scales through international humanitarian organizations to North Korea, we will not oppose to the kind of food aid. However, the countries should consult the South Korean government in advance and secure the transparency of the food distribution in North Korea."

Kong, expressing his concern about the move of Japan's ruling coalition to resume talks on forming diplomatic relations with North Korea, demanded that Japan not hurry until the inter-Korean relations make progress.

Meanwhile, the two foreign ministers agreed to confirm details of the so-called "Korea-Japan Joint Commission on History" this month and formally inaugurate the commission next month.

Kong also had a meeting with Chinese Foreign Minister Qian Qichen and expressed hope that China exercise its influence over North Korea to expand opening of the communist country for the peace and stability on the Korean peninsula.

ROK: Kong Requests PRC Provide 'Status Quo' on Reverend An

*SK0302112896 Seoul CHOSON ILBO in Korean
3 Feb 96 p 2*

[Report by correspondent Song Ui-tal from Phuket]

[FBIS Translated Text] On 2 February, Foreign Minister Kong No-myong stated: "We are requesting the PRC provide us with the status quo of Reverend An Sung-un, who was kidnapped by North Korea in July of last year."

During an informal session with reporters, Foreign Minister Kong, who is in Phuket participating in a gathering of 10 Asian foreign ministers to coordinate a summit of Asian and European heads of state, revealed: "It is clear that Reverend An was kidnapped against his will. Thus, the PRC Government is currently taking legal measures in this regard."

Kong added: "This issue will be discussed at the 4 February meeting of ROK and PRC foreign ministers, and the ROK Foreign Ministry will offer concrete

measures regarding this matter after observing the court proceedings."

ROK: President Sends Condolences to Jiang Zemin on Earthquake

*SK0402091696 Seoul YONHAP in English
0910 GMT 4 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP) — President Kim Yong-sam on Sunday sent a cable to his Chinese counterpart Jiang Zemin expressing consolation over the earthquake which struck southwestern China's Yunnan Province the previous day.

The quake was reported to have left more than 200 people killed and many others injured, and caused serious property damages.

President Kim said in the cable, "Filled with deep sadness at the heavy casualties and property damages from the Yunnan Province earthquake, I, on behalf of the Republic of Korea Government, express deep condolences and consolation to the bereaved families of the victims."

Kim also wished for an early recovery of the injured in the natural disaster and an early restoration of stability in the area through prompt rehabilitation work.

ROK: Meeting of Asian Foreign Ministers Concludes in Phuket

*SK0302131296 Seoul YONHAP in English
1306 GMT 3 Feb 96*

[FBIS Transcribed Text] Phuket, Thailand, Feb. 3 (YONHAP) — South Korean Foreign Minister Kong No-myong and foreign ministers of 9 other Asian countries agreed on Saturday to make the maximum efforts to successfully hold the first Bangkok Asia-Europe Summit Meeting (ASEM) and closed their two-day meeting here.

The foreign ministers chose 11 items in the four main fields — cooperation in politics and security, economy, other fields and ways to regularly hold the ASEM — as addenda for the ASEM and decided to discuss with the European side about them.

The first ASEM meeting is scheduled to be held in Bangkok on March 1-2. The foreign ministers of South Korea, Japan, China and seven members of the Association of Southeast Asian Nations (ASEAN) participated in the Asian foreign ministers' meeting to discuss how to hold the first ASEM.

Thailand's assistant foreign minister will visit Italy, chair- country of the European Union (EU), on Feb.

8 and discuss with the EU side about the results of the Asian foreign ministers' meeting.

Senior officials from both Asian and European countries may meet in Bangkok on Feb. 29, a day before the opening of the ASEM, to finally check preparation for the first inter-continental summit meeting.

The Asian foreign ministers agreed that the politics and security field include disarmament such as nuclear non-proliferation, international support for the operation of the Korean peninsula Energy Development Organization (KEDO), ways to solve regional disputes, peace-keeping operation and reform of the United Nations.

However, the Asian and EU sides are reportedly showing difference over whether or not to include human rights and democratization issues in the agenda.

According to the results of the meeting, the economic issues should include multilateral cooperation through the world trade organization, cooperation in trade and investment and establishment of Asia-Europe business forum, which will strengthen cooperation between the businessmen in the two continents.

In the other fields, the summits of Asian and European countries may deal with development of human resources and social infrastructure, cooperation to reduce poverty, protection of environment and national resources, eradication of drug trafficking, terrorist acts and international crimes, and cooperation in cultural field.

About the future of ASEM, the foreign ministers agreed to hold the summit meeting once every two years and have foreign ministers' meetings and senior officials' meetings as occasion calls.

ROK: Official Hints That EU May Be Allowed To Join KEDO

SK0302041296 Seoul THE KOREA HERALD
in English 3 Feb 96 p 2

[FBIS Transcribed Text] The European Union (EU) may be allowed to join the Korean Peninsula Energy Development Organization (KEDO) as an executive board member if the EU commits itself to paying a substantial amount of money on a regular basis for the supply of heavy oil to North Korea, a South Korean Government official said yesterday.

As KEDO executive members, South Korea, Japan and other nations are to finance the project of replacing the North Korean nuclear reactor capable of producing weapons-grade material with safer nuclear light-water reactors.

Another executive board member, the United States, is responsible for supplying \$50 million worth of heavy

oil to North Korea annually until the light-water reactors are constructed in the North.

The United States, which has failed to secure enough funds, is asking the EU to pay a substantial part of the oil supply cost.

"If the EU promises to share the cost of the heavy oil supply by donating a substantial amount of money every year, it should become a member of the KEDO Executive Board," a South Korean official said.

However, he said the South Korean Government is opposed to the idea of allowing the EU to hold equal power to South Korea, Japan and the United States.

He suggested that the EU could join the Executive Board of the KEDO but be denied the right to veto.

An official at the KEDO said that South Korea, the United States and Japan have yet to reach an agreement on the EU's bid to join the executive board.

"We have reached no final agreement whether the EU should join the KEDO," he said. "At the moment, we are considering granting the EU the right to vote at Executive Board meetings if the EU agrees to join the KEDO and make annual contributions," he said.

The 15-nation EU is reportedly willing to contribute 520 million to the KEDO in exchange for its membership to the KEDO Executive Board.

The United States, which is responsible for paying the cost of the heavy oil supply to North Korea, announced last month that it has set aside \$19 million for the heavy oil supply this year. The amount falls short of the actual cost by \$31 million.

Nevertheless, it promised that it will meet its financial obligations to the KEDO, a consortium set up to provide North Korea with safe nuclear light-water reactors.

ROK: Foreign Ministry: Cost to ROK of LWR Project Still Unknown

SK0302063196 Seoul YONHAP in English
0518 GMT 3 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP) — South Korea has yet to decide on how much its share will be for the costs involved in the construction of the two light-water reactors to be supplied to North Korea, as stipulated by the 1994 framework agreement between Washington and Pyongyang. Foreign Ministry Spokesman Chang Chol-kyun said Saturday.

Chang was dismissing local media reports that President Kim Yong-sam, in a personal letter to U.S. President

Bill Clinton in September 1994, said Seoul would pay at least 70 percent of such costs.

"As the Foreign Ministry revealed in a press conference on Sept. 22, 1994, President Kim said in the letter to Clinton that South Korea will play a leading role in the North Korean reactor project and that Seoul will share the cost commensurate with Seoul's key role in the project," Chang said.

The exact amount of Korea's financial burden in the project will be decided through further consultations with Japan and the United States when the project takes on a more concrete form, he said.

Chang dismissed the reports that say that Washington recently dropped North Korea from its list of terrorist states, maintaining that his ministry confirmed with the U.S. Government that no such action was taken.

"North Korea has yet to meet the prerequisites imposed by the Washington Government in 1988, when it designated the North as a terrorist state," he said.

ROK: Ministries Engaged in Dispute Over Yonggwang Atomic Plants

*SK0302120596 Seoul CHOSON ILBO in Korean
3 Feb 96 p 2*

[Report by Mo Tae-kyun]

[FBIS Translated Text] The aftereffect of Yonggwang County's cancellation of its approval to construct atomic power plants No. 5 and 6 is expanding to the central government. The Ministry of Trade and Industry [MTI] and the Ministry of Science and Technology [MST] are engaged in a war of nerves over the approval to the use the site for the Yonggwang No. 5 and 6 atomic power plants.

Prior to constructing the atomic power plants, the Korea Electric Power Corporation [KEPCO] must obtain approval for construction from the county office as well as prior approval to use the site from the MST. The MST has withheld its approval for one year and two months, claiming KEPCO's environmental plans are incomplete.

The MTI denounced the MST, saying: "The MST is not giving prior approval to use the site because Yonggwang residents claim the atomic power plants have serious safety problems. The application for approval was submitted in December 1994. The MST's postponement of approval for one year and two months has aggravated the situation."

In response to the MTI denunciation, the MST replied: "The Yonggwang residents have had ceaseless trouble with the atomic power plants as regards compensation

for fish farms destroyed by the warm water drainage from the plants. It is the government's duty to place a priority on safety and environmental measures when evaluating such applications."

Prior approval to use the site allows KEPCO to level the ground prior to beginning construction, which is a long-term project. The MST evaluated KEPCO's application for prior approval, but agreed with the Environment Ministry that KEPCO's plan to reduce warm water drainage was inappropriate. The MST has since discussed complementary measures with KEPCO. When Yonggwang County's cancellation of its approval became a conflict between the local and central governments, the MST decided on 8 February to hold a meeting of atomic energy safety experts to discuss issuing KEPCO prior approval to use the site for the Yonggwang No. 5 and 6 plants.

ROK: ROK Christian Group To Send Delegation to DPRK in Mar

*SK0502075796 Seoul YONHAP in English
0656 GMT 5 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 5 (YONHAP) — The National Council of Churches in Korea (NCCCK) said Monday that it will send a delegation to North Korea in the beginning of March as part of the World Christian Council's (WCC) relief mission to the secretive nation.

The NCCCK made the announcement at a press conference about "the International Christian Council's report on peace and solidarity in East Asia," which was held in Macao and ended last Friday. The gathering included representatives from Christian organizations in both Koreas who discussed the hunger situation in the communist nation.

The domestic Christian organization said that the WCC planned a March 2-9 trip to North Korea at the Macao meeting, with the NCCCK agreeing to participate. The purpose of the tour is to perform a needs assessment and provide relief assistance to those suffering from the damages inflicted by last summer's flood.

"Now that world religious circles have agreed to give North Korea humanitarian aid, the manner of such aid should be discussed in the South first before holding talks between leaders of South and North Korean religious circles at Panmunjom," the NCCCK said.

During the consultations, the NCCCK said that it is going to discuss the possibility of a joint South-North Korean Easter sermon on April 7, as well as the prospect of forming a sermon preparation committee for Easter.

Burma

Burma: Government Troops Take Over Khun Sa Positions on Border

BK0502042496 Bangkok BANGKOK POST
in English 5 Feb 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Burmese soldiers have taken over positions previously held by opium warlord Khun Sa's Mong Tai Army (MTA) along a 1,175-km stretch of the border opposite Chiang Rai, Chiang Mai, and Mae Hong Son.

MTA sources said most of Khun Sa's 10 heroin refineries along the border have also been removed as have the once present MTA troops since the opium warlord's surrender to Rangoon.

Some of the MTA's old border positions have been taken over by government soldiers as part of Rangoon's strategy of consolidating its control over border areas previously held by Khun Sa, the sources said.

Local village leaders have been summoned to meetings and informed about the transfer of power in the border area, the sources said.

It is expected government soldiers will continue to man the border positions for at least three months before handing some of them back to MTA troops once they officially become border defense volunteers, the sources said.

Some 1,500 MTA troops have refused to surrender to government forces and moved northwards to positions in Ban Piang Luang of Wiang Haeng District, Chiang Mai; Ban Hua Mae Kham in Mae Chan District; and Ban A-Long in Mae Fa Luang District, Chiang Rai, the sources confirmed.

The group, which is reportedly carrying heroin refining equipment, is believed to have joined an MTA splinter group led by Maj Kan Yot who previously broke away from Khun Sa's leadership.

The two groups control a combined force of over 5,000 troops, the sources said.

Burma: MTA 'Source': Khun Sa 'Likely' To Move to Rangoon

BK0402124296 Bangkok THE SUNDAY POST
in English 4 Feb 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Mae Hong Son — Khun Sa is likely to quit his former Ho Mong headquarters for Rangoon where he will run his businesses, according to a source in the Mong Tai Army (MTA).

Since surrendering last month, the opium warlord has remained at Ho Mong in Shan state, the source said.

He spends most of his time at his home, where he is guarded round the clock by MTA and Burmese government soldiers.

There are fears that MTA soldiers unhappy about his surrender of the MTA stronghold might want him dead.

Burmese government troops have been responsible for various robberies of Shan people in the area, according to the source.

They have raped women living outside Ho Mong and have been collecting heavy taxes on goods, the source said.

The freedom of movement of Shan people in the area is subject to restrictions from Ho Mong across the border to Ban Huai Phuang in Tambon Huai Pha, Mae Hong Son, where they go to buy goods.

Khun Sa is thought to be undecided on whether to go and live in Rangoon.

The Burmese government has reportedly offered him a house, security, and a promise not to extradite him to stand trial.

Khun Sa could decide to leave for Rangoon to trade in gems.

It was his custom to give precious stones to anyone from Thailand who visited him at Ho Mong, the source said.

Burma: Surrender of Additional MTA Members Reported

BK0202162996 Rangoon TV Myanmar Network
in Burmese 1330 GMT 2 Feb 96

[FBIS Translated Text] Members of the MTA [Mong Tai Army] led by U Khun Sa have realized the Defense Services' kind goodwill toward the armed groups in the jungle and have gained the correct view. They have been returning to the legal fold since 5 January.

On 29 January 1996, a total of 19 MTA members returned to the legal fold, surrendering four small weapons to Active Base Tactical Group No. 1 of the Eastern Military Command at Lwe Htun Camp in Mong Hsat Township.

It has been learned that a group of 30 MTA members led by Warrant Officer II San Oo of the MTA's 51st Battalion returned to the legal fold, surrendering 11 assorted weapons to the Mong Khok Military Camp on 30 January.

Similarly, on 23 January, a total of 62 assorted heavy weapons from the MTA's Ho Mong Headquarters and

two Ho Mong-made mortars were handed over to a Defense Services column. It has been learned that a total of 47 MTA members from the security unit in Ho Mong returned to the legal fold on 30 January, surrendering 46 assorted weapons to a Defense Services column.

Similarly, a total of 330 members of the MTA armed group in the Loi Lam region of Mong Hsat Township returned to the legal fold on 20 January, surrendering 46 assorted weapons to a Defense Services column, while the SURA [Shan United Revolutionary Army] armed group under the MTA in the Mong Hta-Mong Hta region of Mong Ton Township handed over four small weapons to a Defense Services column on 16 January.

A total of 6,627 MTA members led by U Khun Sa have returned to the legal fold, surrendering 3,158 assorted weapons to the Defense Services, at the Ho Mong Headquarters; a total of 2,412 MTA members have returned to the legal fold, surrendering 2,203 assorted weapons, at Loi Lam Camp; a total of 1,978 MTA members have returned to the legal fold, surrendering 1,218 assorted weapons, at Lwe Tun Camp; a total of 550 MTA members have returned to the legal fold, surrendering 290 assorted weapons, in the Mong Hta-Mong Hta region; a total of 120 MTA members have returned to the legal fold, surrendering 113 assorted weapons, in the Wan Sing, Kengtawng, and Kongmon regions of southern Shan State; and a total of 1,003 MTA members have returned to the legal fold, surrendering 528 assorted weapons, in the Nawngleng, Mong Hin, and Mong Ha regions of northern Shan State since 5 January 1996.

It has been learned that a total of 12,690 MTA members led by U Khun Sa have returned to the legal fold since 5 January, surrendering 7,510 assorted weapons to the Defense Services.

Burma: Karen Buddhists Threaten To Step Up Attacks in Tak

*BK0502041396 Bangkok BANGKOK POST
in English 5 Feb 96 p 6*

[Unattributed report]

[FBIS Transcribed Text] Tak — The Democratic Karen Buddhist Army (DKBA) has threatened to intensify its attacks against Thailand if the Kingdom continues to protect Karen Nation Union (KNU) troops, DKBA leader Sa Thwe said.

Lt Col Sa Thwe made the threat while leading a DKBA delegation to meet Tha Song Yang district chief Wallop Sifa here on Saturday.

On Tuesday night, DKBA troops crossed the border into Thailand and attacked villages in this district, killing

three people including a Thai policeman. They then moved on to rob other Thai villagers.

"We'll launch heavier attacks if Thailand continues to shelter KNU armed troops," Lt Col Sa Thwe said.

The Burmese government has nothing to do with the threat, it is the DKBA which is issuing it, he added.

The DKBA wants all Karen refugees who fled to camps on Thai soil to return to Burma, but they are being prevented from doing so by KNU troops living in the camps, he said.

KNU troops have also been using Thai soil as a base to attack DKBA forces, he said.

DKBA and Burmese government troops managed to overrun the KNU's major strongholds early last year, forcing the latter's troops to flee to Thai soil to seek shelter.

Tuesday's attack was an act of revenge against Thailand because Thai officials earlier attacked DKBA troops in the Moei River, he said.

In response, Mr. Wallop denied that Thailand allowed any foreign armed troops, be they from the KNU or DKBA, to enter Thai soil.

Any foreign armed forces are pushed out of Thailand and if they resist, they are disarmed, arrested and charged under Thai law, he said.

It was agreed at Saturday's meeting that unarmed Burmese civilians would be allowed to cross the border to purchase goods in Thailand.

The DKBA also returned a walkie-talkie that belonged to Senior Sergeant Major Chamnong Charoenying who was killed in Tuesday's attack.

DKBA troops also took Senior Sergeant Major Chamnong's gun but Lt Col Sa Thwe said it would be returned later.

Burma: State Service Personnel Delegates Group Holds Meeting 2 Feb

*BK0202154096 Rangoon Radio Myanmar in Burmese
1330 GMT 2 Feb 96*

[FBIS Translated Text] A meeting of the state service personnel delegates group was held at Meeting Hall No.8 at the Kyaikkasan Grounds in Yangon [Rangoon] at 1000 today. After the opening speech, members of the Panel of Chairmen — U Arnt Maung of the Ministry of Religious Affairs, Colonel Thaik Tun of the Ministry of Defense, and U Tun Shwe of the Ministry of Labor — read out the clarification on laying down detailed principles for organizing the legislative and

executive chapters to be included in formulating a state constitution that was delivered by the chairman of the National Convention Convening Work Committee on 26 January 1996. The clarification was read out to obtain the opinions of the delegates representing the state service personnel delegates group.

Cambodia

Cambodia: Government Forces Reportedly Seize 'Strategic' Hills

*BK0502114396 Hong Kong AFP in English
1111 GMT 5 Feb 96*

[FBIS Transcribed Text] Aranyaprathet, Thailand, Feb 5 (AFP) — Two strategic hills leading to a Khmer Rouge stronghold in northwest Cambodia fell Monday to government forces, Cambodian army sources said.

Government forces captured Hill 25 and nearby Hill 36 from the rebels in a two-day operation but lost four tanks and suffered heavy casualties, a captain, who requested anonymity, told AFP.

Thirty soldiers were killed and another 20 injured, while two tanks were demolished, the Cambodian army sources said. On Sunday Cambodian forces lost two tanks and 12 men from an elite unit.

The captain, who is in charge of the tank unit engaged in the offensive, said the Khmer Rouge also suffered heavy losses as scores of dead rebels had been found strewn around the two hills.

Cambodian troops spearheaded by tanks and reinforcements from the 3rd and 12th divisions converged on Hill 25 and Hill 36 in a two-pronged assault on the Khmer Rouge. The firefight went on for two hours, the sources said.

The government troops split up to surround the Khmer Rouge but were lured into a minefield near Hill 36, where rebels attacked them with rocket-propelled grenades and anti-tank guns, they said.

Hill 25 lies south of the tip of Laem Nong Ian, where Thailand juts ten kilometers (six miles) into Cambodia, and guards approaches to the rebel forward base at Phum Kla Ngoap and a major stronghold at Phnum Malai, to the west. Cambodian forces have been attacking the hill since early January.

Cambodian troops earlier shelled the Khmer Rouge base at Phum Kla Ngoap, sparking an artillery duel that lasted throughout the day.

Reinforcements of 500 fresh Cambodian troops from the northern town of Siem Reap were expected to arrive at a position outside Poipet, on the Thai frontier by February 15, he said.

Cambodia: 'Tussle' Between Khmer Rouge, Government Troops Reported

*BK0402114196 Hong Kong AFP in English
1114 GMT 4 Feb 96*

[FBIS Transcribed Text] Aranyaprathet, Thailand, Feb 4 (AFP) — At least 12 Cambodian troops were killed, several injured and a tank destroyed by the Khmer Rouge early Sunday in a tussle for a strategic hill in northwestern Cambodia, Cambodian military sources said.

The soldiers were part of four 50-strong special warfare units under the 3rd and 12th divisions supported by four tanks sent in to clear Hill 25, which had been abandoned by the Khmer Rouge guerrillas, the sources said.

The incident occurred on Hill 36, west of Hill 25, an hour after sunrise when one of the units was pinned down in a minefield by Khmer Rouge rebels who attacked it with rocket-propelled grenades, they said.

The government forces withdrew after the 30-minute firefight but later moved in to retrieve the tank and the bodies and search for an unidentified number of missing soldiers, who were feared dead, the sources said.

Hill 25, located south of the tip of Laem Nong Ian where Thailand juts 10 kilometers (six miles) into Cambodia, was abandoned early Thursday by the Khmer Rouge who pulled back to Phum Kla Ngoap, which defends the approaches to the main base at Phnom Malai to the west.

The government forces fired 10 artillery rounds at Hill 25 for support, forcing the surrounding rebels to retreat. But the rebels opened artillery fire at government forces to bar them from taking the hill, the sources said.

An hour afterward the government artillery based at Pou Bei Dadem and Sra Kradan [name as received] villages fired several rounds at Phum Kla Ngoap, which were clearly heard in the Aranyaprathet market.

The rebels fired six 120 mm artillery rounds at the market of the Cambodian border town of Poipet, opposite here, but no damage was reported, they said.

Fighting continued until the afternoon with the Khmer Rouge shelling the Poipet central market with four 120 mm mortars, two hitting the back of the market and the other two landing at the market front, setting a house ablaze, they said.

The government artillery responded with a number of rounds at the Khmer Rouge positions after the rebels fired two more artillery shots at Poipet, they said.

The Aranyaprathet Task Force mobilized reinforcements of four armored vehicles and troops to Laem

Nong Ian to cope with any spillovers of battles in Cambodia.

Indonesia

Indonesia: Daily Opposes Raising East Timor Issue at ASEM

BK0502083396 Jakarta KOMPAS in Indonesian
5 Feb 96

[Editorial: "It Will Be Useless To Discuss the East Timor Issue at the Asia-Europe Meeting in Bangkok"; italicized passages in English — received via Internet]

[FBIS Translated Text] Foreign Minister Ali Alatas indicated on Saturday (3 February) that Indonesia would be unwilling to discuss the East Timor issue at the Asia-Europe meeting [ASEM] in Bangkok on 1-2 March. According to Alatas, the Asian and European leaders should not raise controversial and irrelevant issues if they want the inaugural intercontinental summit to be successful.

The first ASEM will be attended by 10 Asian leaders, 15 European leaders, and the chairman of the European Commission. The 10 Asian countries are the seven ASEAN members, China, Japan, and South Korea, while the fifteen European countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and Britain.

The first ASEM is scheduled to be an informal dialogue of the 26 Asian and European leaders mainly to enhance economic cooperation. The format of the biannual ASEM is more or less similar to that of Asia-Pacific Economic Cooperation economic leaders meetings.

The inaugural ASEM was initiated by Singapore Prime Minister Goh Chok Tong to maintain and promote peace and stability so that there will be conditions conducive to the implementation of socioeconomic development. The main theme of the first ASEM is *Asia-Europe Partnership for Greater Growth*, a theme to achieve peace and sustainable development and welfare.

Participants at the first ASEM will be committed to rules set by the World Trade Organization [WTO] and the principles of a free market, an open multilateral trade system, non-discriminatory economic liberalization, and open regionalism.

Why did Foreign Minister Alatas suddenly indicate at the preparatory meeting in Phuket (Thailand) on 2-3 February that Indonesia did not want the East Timor issue to be discussed at the first ASEM? He did so because the Portuguese Government had said that the Portuguese leader would raise the East Timor issue in Bangkok.

Foreign Minister Alatas did say that economic discussions would be the main objective of the first ASEM because there were so many issues, including the transfer of technology and the promotion of investment, to be discussed. He admitted that dialogues between leaders on political issues would be inevitable.

Of course, some European leaders will ask about human rights and the welfare of workers in Asia. Portugal intends to raise the East Timor issue and Sweden will question the mysterious death of orphans in China.

We will always be surprised at European criticisms of human rights or labor conditions in most Asian countries, because they always use Western standards that they claim to be "universal" norms. Western countries have never been willing to consider the principle of "conditionalities." "Traditional Asian" policies on human rights and the treatment of workers are very different from European standards.

Accordingly, Foreign Minister Ali Alatas correctly said that the Asian side had at least 10 political issues that would "seriously embarrass" the European side if they were raised at the first ASEM. We are worried that the forthcoming ASEM will become a venue for leaders of the two continents to exchange criticisms in view of their different perceptions on a number of topics. As a matter of fact, the forthcoming ASEM will provide Asia and Europe with a great opportunity to reach a consensus on various political, economic, and security issues.

For example, all the 25 participating countries are very interested in seeing a comprehensive nuclear test ban treaty endorsed in Geneva in mid-1996 to eliminate the weapons of mass destruction.

The seven ASEAN members will therefore have the opportunity to urge three *declared nuclear powers*, i.e. Britain, France, and China to sign the protocol to the Southeast Asian Nuclear Weapon-Free Zone Treaty.

It should be noted that the ASEM in March will become a kind of *brainstorming* for the 25 leaders to cooperate in ensuring the success of the WTO ministerial conference in Singapore in December 1996. In addition, there will be possible cooperation in the development of other areas such as science and technology, culture, intellectualism, education, and tourism.

There is still much work to be done by the Asian and European leaders after the inaugural ASEM. Accordingly, in our opinion, discussing the East Timor issue will instead "backfire" and become counterproductive.

Indonesia: 'Around 90' Special Forces Withdraw From Irian Jaya

BK0502095896 Hong Kong AFP in English
0924 GMT 5 Feb 96

[FBIS Transcribed Text] Jakarta, Feb 5 (AFP) — Around 90 troops from Indonesia's special forces who were dispatched to Irian Jaya when a rebel group took hostages there have left the province without rescuing the remaining captives, an army officer said Monday.

Captain Edi Setyadi told AFP by phone from Jayapura, the province's capital, that around 90 members of the elite unit Kopassus left Irian Jaya on Saturday.

They followed their commander, Brigadier General Prabowo Subianto, who departed last Tuesday and is now in Jakarta, Setyadi said.

Setyadi said that another 90 Kopassus soldiers remained behind and added that the elite troops always maintained a presence in the province, which shares a border with Papua New Guinea.

Rebels belonging to the OPM (Free Papua Movement) seized 26 people on January 8 in the mountainous, jungle-clad area of Mapenduma. Fourteen hostages have been released since then, and six of the 12 remaining hostages are Europeans.

"It's still unclear whether the Kopassus members who left will be replaced by others," Setyadi said, declining to give further comments about the removal.

He said the authorities still "don't know exactly" where the rebels and the hostages are currently located.

"We only know that they have moved from their original site since around January 25, which was when we last had radio contact with them," he said.

Setyadi said that the rebels freed one hostage, local clinic official Naftali, when they relocated from their original site about ten days ago.

Naftali was in good condition, Setyadi said, but "we don't have a report yet about what he has told the authorities."

Prior to January 25, the authorities had radio contact with the rebels two to three times a day.

The OPM rebels have been fighting for an independent state since the former Dutch colony of Western Papua was incorporated into Indonesia in 1964.

The hostages were working on a scientific expedition organised by the Worldwide Fund for Nature.

The Europeans being held are Britons Daniel Start, 21, William Oates, 22, Annette van der Kolk, 21 and

Anna McIvor, 20, along with Worldwide Fund for Nature official Mark Van Der Wal and UNESCO environment official Martha Klein, both of the Netherlands.

Indonesia: OPM: Indigenous Irianese Gripped by 'Fear' of ABRI

BK0502032496 (Internet) INDONESIA Listserv
in Indonesian 5 Feb 96

["Press Release" issued by the OPM, or Free Papua Movement, in Wageningen, the Netherlands on 4 February — received via Internet]

[FBIS Transcribed Text] Indigenous Melanesians in Mapenduma have been gripped by a sense of fear, and feel that they are living in a state of war. They cannot go to their gardens to obtain food. Famine has started. The indigenous population has been forced to move into communes far away from Mapenduma or to live with their relatives in Wamena. The sense of fear has spread to Wamena town.

Residents of Nduga Village have refused to make "The Statement Against the Hostage Taking." The Armed Forces of the Republic of Indonesia [ABRI] continues to force residents to make a statement against the hostage taking. The residents of Nduga Village are likely to be forced to sign the statement due to the trauma created by a mass massacre in the Baliem Valley in 1977. Alex Nuvigi, head of Mapenduma Village, has been under the ABRI's pressure to sign a statement condemning the OPM. Alex Nuvigi refused to do so and chosen to be killed. Alex Nuvigi is now in Wamena and has been barred by the ABRI from returning to his home village.

ABRI soldiers stationed around Mapenduma are sons of the Nduga, Lani, Mukoko, and Dani tribes. The system is regarded by the people as a divide-and-rule policy and lies behind the "persuasive approach" pursued by the ABRI.

A vehicle of military forces based in Wamena has knocked down five local residents. One of them died and the ABRI paid his relatives only six million rupiah in compensation.

Brigadier General Prabowo Subianto, commander of the Special Forces, has arbitrarily taken over four hectares of land to be used as the headquarters of the Special Forces in Wamena. There has been no compensation for the land.

The current military operation has cost 3.2 billion rupiah, 1.2 billion rupiah of which has been spent on the repair and maintenance of "Airfast" helicopters, believed to belong to Freeport (a U.S.-owned copper mining corporation in Timika).

Five thousand ABRI soldiers from one Special Forces battalion (500 men) and other units as well as one platoon of the [Police] Mobile Brigade have occupied about six villages or communes around Mapenduma. Residents have left their home villages or communes. Their experience shows that a military operation begins with the killing of chickens, dogs, pigs, and human beings; residential houses are then burned down by gasoline after the massacre.

[Signed] OPM Source in Wamena, West Papua

1 February 1996 [date as received].

Indonesia: 'West Papua Forum' Urges Release of Irian Jaya Hostages

BK0302124496 (Internet) INDONESIA Listserv in English 1 Feb 96

["Press release" issued by the West Papua Forum in London on 1 February]

[FBIS Transcribed Text] The West Papua Forum is profoundly concerned that thirteen hostages — seven Indonesians, four Britons and two Dutch — have been held as hostages by the Free Papua Movement (OPM) since 8 January. This continuing hostage crisis threatens not only the safety of the hostages, but also the safety of villagers living nearby because of the likelihood that the Indonesian armed forces (ABRI) will launch military operations in the area. Furthermore, it threatens to damage the reputation of the OPM and its struggle for a free West Papua and for an end to human rights violations.

The West Papua Forum welcomes the earlier decision of the OPM to release thirteen of the twenty-six hostages captured on 8 January. It urges the OPM to release all the remaining hostages unconditionally and without delay. The Forum believes that their immediate release would be conducive to creating a better understanding in Britain and throughout the world of the tragic difficulties that have been confronted by the people of West Papua since their country was annexed by Indonesia in 1963.

The Forum also welcomes the decision taken this week by the OPM in the north-east of the country to release two young Indonesian hostages, both of whom were in good health.

The Forum notes with regret that it took an act of this nature to draw international attention to the problems of West Papua, now known as Indonesia's 26th province of "Irian Jaya." More than thirty years have elapsed since Indonesia annexed the territory, yet never throughout that period has the international community paid any attention to the injustices and consequences of that annexation.

The West Papua Forum was officially launched in London on 31 January 1996. The Forum aims to be an effective information network, along with similar groups in other countries, devoted to publicising, and campaigning against, all violations of the rights of the indigenous people of West Papua and providing support to the people of West Papua in their efforts to exercise control over their ancestral lands and natural resources.

Indonesia: Indonesian Troops Clash With Pro-Independence Demonstrators

LD0302111696 Melbourne Radio Australia in English 0900 GMT 3 Feb 96

[FBIS Transcribed Text] Indonesian police and troops are reported to have clashed violently with pro-independence demonstrators in the East Timorese capital Dili. The news agency AFP quotes sources in Dili as saying the clash occurred at a ceremony inaugurating the Roman Catholic seminary of Nosa Senora de Fatima in the (?Believe) district of Dili. The sources said several of the protesting youths were injured when police and troops broke up the demonstration and several were arrested. Several foreign clergymen were present at the ceremony, including the Vatican's apostolic pro-nuncio in Jakarta, Monsignor Pietro Sambi. There has been no confirmation of the incident from the military.

Meanwhile, Indonesia's foreign minister, Alatas, has indicated that his government will be unwilling to discuss the issue of East Timor at a summit of East Asian and European leaders in Bangkok next month. Speaking to reporters in the Thai resort of Phuket, Mr. Alatas said East Timor would not be relevant to the summit. Mr. Alatas had attended a two-day meeting of Asian foreign ministers in Phuket to prepare for the summit on 1 and 2 March.

Indonesia: Implications of Current Account Deficit, Inflation Viewed

96SE0006A Jakarta KOMPAS in Indonesian 1 Nov 95 p 4

[Unsigned editorial]

[FBIS Translated Text] There are indications that storm clouds will hang over the national economy next year. Those clouds are the growing current account deficit and inflation, which nearly always touches double digits. If this trend cannot be reined in, it will be a boomerang for Indonesia's efforts to achieve economic progress next year.

Dr. Rizal Ramli, managing director of the Econit Advisory Group, an economic research body, used the

term "storm clouds" in speaking to the press at the end of last week.

We very much agree with Econit's warning. We can accept Econit's statement because it relates to daily economic activity and also because it coincides with forecasts, estimates, and predictions from other economic research groups.

We honestly admit that we have not yet been able to resolve pressures toward high inflation. In the last three years, we have often been forced to sacrifice some potential economic growth because of the undermining force of inflation.

We can already assume that the potential for high inflation will continue to be with us next year. This is true because of the "cost push" factor in the form of a variety of higher production costs and because of disturbance or inadequacy in supplies of goods and services needed by the people.

The current account deficit will also continue to disturb the economy next year. The current account deficit, which for years has been a weak point in the national economy, has been recently growing at a worrisome rate. Whereas the current account deficit was \$3.1 billion in 1994, there are estimates that it will grow to \$6.5 billion in 1995.

There is an expectation that if no restraining steps are taken, the current account deficit next year will continue to rise. We should be cautious about exports, which show a trend toward rapid growth.

Are these the only two things that can disrupt smooth economic performance next year? Clearly not. Attention needs to be given to many things, including domestic political stability, which has been one of the keys to the national economy's ability to grow continuously at a high rate. The political situation, which is heating up, and the current atmosphere of unrest among the people have raised questions among players in the economy as to what will happen in the next one or two years.

The reason for raising the matter of a "gloomy picture" of what may befall the national economy next year is absolutely not to say that the potential for economic growth is gloomy. On the contrary, various estimates continue to indicate that we may still be able to achieve a high rate of economic growth next year.

The sharp rise in applications for investment during the last several years represents potential for increased national production next year. Also, we do not see any unfavorable signs in global economic developments.

The problem is that if the "storm clouds" actually produce "rain," to borrow Dr. Rizal Ramli's term, we

will lose the growth potential we already have in our hands. High inflation and worsening of the current account deficit will have an unfavorable psychological impact, thus inviting problems with the economy.

If such an atmosphere actually occurs, the government will be forced to taken tightening actions, the consequence of which will be restraint of the economic growth rate. The experience of the late eighties, when the government applied a tight liquidity policy, was a valuable lesson to us.

The government's ability to manage the macroeconomy has been sufficiently tested. When time and again the national economy has been shaken by problems and disappointments, they have always been resolved through prudent economic policy management. Next year, the effectiveness of such macroeconomic management principles will again be tested.

There will also be a test of the government's consistency in reducing market distortions and in creating transparent and fair markets. After almost two decades of economic deregulation, the question arises among the people as to how far the bulk of deregulation will be implemented.

That question is based in part on the reality of the continuing strength of obstacles to the functioning of market mechanisms. Apparently there is also a sentiment, or attitude, of unbelief in our seriousness about regulating the economy. We must find a solution for these conditions quickly, especially since the question of economic unfairness became a political issue with considerable political reverberation last year.

Nevertheless, we can no longer lean on the ability of the government to manage the economy. The reality that most of the economic wheels are in the hands of the business community has growing consequences and means that the business community has greater responsibility for maintaining a conducive economic climate.

The attitude of businessmen who "kill" competitors with impunity, make opportunistic investments, and manipulate markets to optimize immediate profits will only worsen the situation and add to the distress of the people. Businessmen can no longer hold a "don't care" attitude toward the realities of recent developments in the community.

Indonesia: Minister Says Communism, Pancasila Incompatible**96SE0006D Jakarta SUARA KARYA in Indonesian
26 Oct 95 pp 1, 8**

[FBIS Translated Text] Beijing (SUARA KARYA)—The Indonesian people reject both communism and liberalism, because they are not consistent with the national cultural values system embodied in the ideology of Pancasila [ideology of the Indonesian state]. In its independent and active international relations, however, Indonesia always develops peaceful coexistence despite differences of ideology.

"We always respect the sovereignty of every nation, without interfering in ideology. This is consistent with the Ten Principles of Bandung," Haji Harmoko, general chairman of the GOLKAR [Functional Group] DPP [Central Executive Council], said in his meeting with Mrs. Wang Jia Qiu, head of the Chinese Communist Party Cadre School, in Beijing on Tuesday morning [24 October].

SUARA KARYA reporter Kodrat Wahyu Dewanto reported from Beijing that Harmoko was accompanied in his meeting by Agung Laksono, GOLKAR DPP chairman; Ary Mardjono, GOLKAR DPP secretary-general; Burhan Magenda, chairman of the Intellectuals Department of the GOLKAR DPP; Rolly Tanos, chairman of the GOLKAR DPD I [First-Level Regional Executive Council] for North Sumatera; and Abdul Nurhaman, chairman of the GOLKAR DPD I for West Java.

Very Satisfied

At a dinner in honor of the GOLKAR DPP at the Diao Yu Tai State Visitors Building, Li Ruihuan, chairman of the Eighth National Committee of the CPPCC (Chinese People's Political Consultative Conference), said that the PRC has been very satisfied with bilateral relations with Indonesia since ties between the two countries were normalized in 1990. The satisfactory nature of these relations is felt especially in the economic sector. Mutually profitable relations have also been felt in multilateral relations.

"The PRC also will never forget Indonesia's role in supporting PRC interests in international forums," Li Ruihuan, who is also a member of the Politburo and of the Politburo Workers Board of the Communist Chinese Central Committee, told Harmoko and his delegation, who were accompanied by Indonesian Ambassador to the PRC Yuwana. Harmoko's visit to China was at the invitation of the CPPCC.

Learn

"We appreciate the relations and cooperation between the two countries, and the PRC Government is very satisfied. The PRC Government also greatly appreciates the success of Indonesia's economic development," Li Ruihuan told Harmoko as he began his welcoming speech. He also said, "We are now examining the success of Indonesia's economic development and will learn from the way Indonesia has improved the welfare of its people." Li Ruihuan, who is chairman of the CPPCC, a body with much influence on policies of the Central Government and of policies down to the district level, said that the PRC and Indonesia are both developing countries that face the problem of improving the welfare of their peoples through increased economic development.

After the meeting and in the company of Ambassador Yuwana, Harmoko told the press that GOLKAR feels that since normalization both bilateral and multilateral relations between the two countries have developed well and positively in both the GNB [Nonaligned Movement] and in APEC [Asia Pacific Economic Cooperation]. Therefore, the roles of Indonesia and the PRC must be expanded, especially in facing the 21st century. To that end, the two countries must be able to create a secure and peaceful environment in this region. "It is impossible to enhance the welfare of the people through development if there is an environment that is not secure or peaceful," Harmoko said.

Harmoko said that the roles of Indonesia and the PRC in the creation of such an environment of security and peace are very important, particularly as we face an era of globalization and of free investment and trade in the 21st century. Citing a statement by Li Ruihuan, Harmoko said that Indonesia and the PRC are similar in that both give attention to industrial development supported by strong agricultural development. The PRC, with 2.1 billion people, must develop a strong agriculture to meet the food needs of all its people.

Li Ruihuan said he feels that the role of Indonesia as the largest country in ASEAN is very definitive in the expanding of relations between ASEAN and the PRC. "Without Indonesia's role, PRC-ASEAN relations would be insignificant, and its role is also related to that of GOLKAR as the largest sociopolitical force in Indonesia," said Harmoko, quoting Li Ruihuan.

Will of the People

In his meeting with the head of the Chinese Communist Party Cadre School, Harmoko said that because of a failed revolt by the Indonesian Communist Party (PKI) in 1965, and in compliance with MPRS [Provisional

People's Consultative Council] Ruling No. 25/1966, communism was banned in Indonesia. "That was the will of the people, as expressed by the MPRS," he said. Any type of organization using communist ideology was declared prohibited and therefore cannot exist in Indonesia.

Harmoko said that the democracy developed by the New Order under the leadership of President Suharto is based on Pancasila and rejects communism and liberalism. "That is because Pancasila is consistent with Indonesia's cultural values. Therefore, all activities of the nation and the state, whether economic, political, or developmental, must be guided by Pancasila values, for those activities are an outworking of Pancasila," he said.

At this time, Harmoko said, Pancasila is the sole basis for the life of the Indonesian nation, state, and society. "On the foundation of Pancasila, we are building Indonesian political and economic systems," he said. There are now three sociopolitical forces in Indonesia, namely the PPP [Development Unity Party], GOLKAR, and the PDI [Indonesia Democratic Party].

The democratic system that has been developed is moving well. Five general elections have been held during the New Order era, each of which has increased in quality. Because of public confidence in GOLKAR, it has won majorities in all five elections. Also, public participation in the process is very high. "More than 90 percent of those with the right to vote cast their ballots at polling places," Harmoko said.

The people trust GOLKAR, because since its establishment it has upheld the state of the Republic of Indonesia, which is founded on Pancasila and the 1945 Constitution. They also trust GOLKAR because it highly esteems Pancasila and the 1945 Constitution and ensures their implementation, because it is developing democracy based on Pancasila philosophy, and because it fights hard to build a just and prosperous society for all the people of Indonesia.

Indonesia: 'Nonintellectual' Pancasila Group Formed

96SE0006B Jakarta SUARA KARYA in Indonesian
24 Oct 95 p 3

[FBIS Translated Text] Jakarta (Suara Karya)—Feeling that they cannot join organizations that label themselves intellectuals, such as the ICMI (Muslim Intellectuals Association) and the PCPP (Pancasila [ideology of the Indonesian State] Development Intellectuals Association), a group of prominent persons and former officials with common ideas and objectives have agreed to form the National Brotherhood Solidarity Foundation (YKPK).

"Because we are not intellectuals, we cannot be members of the ICMI or the PCPP. Besides, our organization stands on the principle of nationhood and not on separate groups, such as primordialism or the professions," Bambang Triantoro, general chairman of the YKPK and former secretary-general of the Department of Education and Culture, said yesterday, Monday (23 October), in Jakarta.

The YKPK was officially established yesterday when it registered with a notary and the minister of justice. Many former government officials belong to the organization. They include Kharis Suhud, former speaker of the MPR [People's Representative Council]/DPR [Parliament]; Prof. Dr. Midian Sirait, former director general for oversight of medicine and food (POM); Bas Suebu, former governor of Irian Jaya; Sunarso Djajusman, former Indonesian ambassador to Malaysia; Prof. Harsya Bachtiar, former Chief of the Research and Development Board of the Department of Education and Culture; and Haryadi Dharmawan, former inspector general of the Department of Forestry.

Others are Marzuki Darusman, deputy chairman of the Commission on Basic Human Rights; Matori Abdul Djalil and Anton Prijatno, members of Parliament; Jacob Tobing, former chairman of the GOLKAR [Functional Group] DPP [Central Executive Council]; Prof. Sambas Wirakusumah, rector of Dwipayana University; Gaffar Rachman, former secretary-general of the NU [Muslim Scholars League] PB [Executive Council]; Samsudin and Tadjudin Noor Said, former members of Parliament; and Didiet Haryadi, former chairman of the FK-PPI [Communications Forum for Sons and Daughters of Indonesian Armed Forces Personnel and Retirees].

Individualistic and Egoistic

Bambang Triantoro said the YKPK was created also because of a feeling of concern over the current trend toward individualistic and egoistic attitudes within groups. "If these attitudes are ignored, they will greatly threaten the unity and integrity of the nation," said Bambang, who is a member of the DPA [Supreme Advisory Council].

Bambang refused to say whether groups or organizations outside the YKPK tend toward the individualistic and egoistic attitudes he mentioned. "I do not know. I merely wish to stress that our nation should not grow as separate groups based on individual or group interests. Everything should be based on nationhood and national awakening," he said.

He explained that it should not be assumed that the founding of the YKPK means that it wants to participate in the national political scene. It is a normal thing for

citizens to feel responsible for advancing their nation and state through the various constitutional means.

Indonesia: National Security Concept Defined

96SE0006C Jakarta *SUARA KARYA* in Indonesian
25 Oct 95 pp 1, 9

[FBIS Translated Text] Jakarta (Suara Karya)—Indonesia's strategic prevention concept is based on a system of defense and security by all the people. This means that the armed forces are not the only mainstay for the nation's defense and security.

This is a part of the basic defense and security policy found in the white paper "Defense and Security Policy of the Republic of Indonesia," which was released in Jakarta on Tuesday, 24 October. Those present at the program for the initial release of the paper by MENHANKAM [Minister of Defense and Security] Edi Sudradjat included Coordinating Minister of Politics and Security Soesilo Soedarman, Chief of Army Staff General R. Hartono, Governor of the National Defense Institute Lieutenant General Moetojib, former high civilian and ABRI [Indonesian Armed Forces] officials, and UN representatives in Indonesia.

It was further explained that under the prevention concept, Indonesia's strategic philosophy for avoiding war is not the size of military forces but the extent of the assurance that every effort to launch war on Indonesia will face opposition from all the people. The result will be that such an effort will never be successful.

Thus, the basic premise for the implementation of an Indonesian defense and security strategy is not a balance of forces but a balance of interests. This premise promotes dialogue for the maintenance of regional peace.

It is also stated in the 46-page document that the basic policy for defense and security among nations is guided by, among other things, an "active defensive" policy toward defense and an "actively preventive" policy toward internal security.

MENHANKAM Edi Sudradjat took the occasion to say that the publication of the white paper "Defense and Security Policy of the Republic of Indonesia" is intended as a response to the United Nations appeal that every country apply a transparent defense and security policy. "This is important to the development of a healthy climate for building mutual trust. Therefore, we release this book as the United Nations commemorate's its 50th anniversary," he said.

He said that secrecy is one of the reasons for misconceptions about defense and security policy in the medium

term. In turn, misconceptions can produce the image of a country on the offensive.

Edi Sudradjat said that the purpose of the publication of the white paper is to communicate the defense and security policy of the nation and the state to other nations in order to develop a feeling of mutual trust. The objective is to provide a peaceful climate for international defense and security cooperation and to eliminate mutual suspicion.

In reply to reporters' questions after the program, the MENHANKAM said that the government issued the white paper on national defense and security policy in order to stress that Indonesia is not a country on the offensive but one that is "actively defensive." Thus, he said, the paper is important for preventing misconceptions about the direction of defense and security policy. "We must avoid the impression that our purchases of arms to replace old ones are actually for augmenting our strength. The point is that Indonesia is not a country on the offensive," he said.

ABRI and the United Nations

On the same occasion, a book entitled "ABRI and the United Nations" was released. It depicts ABRI's role and concern related to regional and global stability. The 306-page book describes in detail ABRI's activities and experience in creating world peace and order under the auspices of the United Nations. In an evaluation, senior LIPI [Indonesian Science Institute] researcher Dr. C.P.F. Luhulima cited a recommendation made by the book's team of authors that the Indonesian Government and ABRI should not have a "reactive" attitude while awaiting UN requests. If Indonesia were "reactive" in the sending of troops, it would give the impression of haste. "If we are hasty, it will give the impression that ABRI is not prepared and not professional," Luhulima said.

He recommended that the sending of the Garuda Contingent for UN peace operations be done proactively, in the sense of always being ready when needed. This will give the impression that ABRI is professional and ready for combat whenever required.

Philippines

Philippines: Members of Unknown Group Arrested for Rail Station Bombing

BK0502061196 (Internet) *The Journal Group WWW*
in English 2 Feb 96

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also

known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN'S JOURNAL; report by Zaldy de Layola, Peter Serrano, and Andrew de Guzman]

[FBIS Transcribed Text] Five members of an armed group said to be similar to H-World — the infamous group of Robin Padilla's [jailed movie actor] eldest brother Royette — and believed responsible for the explosion that rocked the Light Rail Transit [LRT] station in Caloocan City, were arrested by Manila policemen after a car chase last night.

Earlier, at about 9 PM, more than 20 people were injured when an unidentified attacker lobbed a grenade at a crowd of commuters at the LRT station in Monumento, Caloocan City.

Shortly after the explosion, police arrested five men in their 20's armed with pistols and fragmentation grenade of the same type used in the attack near the LRT station, said Senior Insp. [Inspector] Noel Dotimas of Western Police District Command (WPDC) Station 5.

He said police were questioning the five, seized from a car cornered in Paco, Manila — about 15 km from the site of the blast — to see if they were involved in the attack. Another man was picked up earlier at the scene of the explosion for questioning.

The five suspects carried identification cards stating they were members of "People's Anti-Crime Crusade of the Philippines (PAC)," an unknown group, Dotimas said.

Investigators who asked not to be identified averred that PAC is apparently akin to Royette Padilla's "H-World United Nations Military Philippine Government International Police Commission (H-IPC)."

No group has claimed responsibility for the blast, which occurred on the eve of an expected announcement by the government of increases in the price of domestic fuel, widely opposed by citizens and labor groups.

"We're looking at all angles but this looks like an attempt to embarrass the police," Sgt. Ricardo Aragon said.

Four of the injured were in serious condition, police said.

Alberto Samson, 50, and his wife were among scores of commuters on their way home in the evening when he heard "a powerful explosion" near the stairs leading up to the LRT station in Caloocan City.

"We were all knocked down to the ground. There was blood everywhere and I saw many people with their

shirt torn. No one was able to run," Samson said in the hospital where he and his wife were being treated for shrapnel wounds.

"I saw blood in my legs. My wife's dress was ripped out," he said.

Police, quoting eyewitnesses, said the grenade was believed to have been thrown by a man from the elevated platform onto the foot of the stairs of the LRT terminal.

The government has proposed the passage of a new security measure that would allow police to tap telephone conversations and look into — and freeze — a person's bank account. President Fidel Ramos said the bill was needed to fight Islamic extremists.

One person would authorize police to carry out arrests without warrants and jail suspects for 30 days without charges.

Police blamed local Muslim extremists for two simultaneous bomb attacks on the elevated railway in 1993 in which 23 people were injured.

Philippines: Two MNLF Commanders Surrender to Military

BK0502014196 *Quezon City GMA-7 Radio-Television Arts Network in Tagalog* 2230 GMT 4 Feb 96

[FBIS Translated Text] Military authorities have announced the surrender of two Muslim commanders who participated in the Ipil attack in Zamboanga del Sur last year. The AFP [Armed Forces of the Philippines] identified those who surrendered as Musa Gila-in and Alvin Lumona of the MNLF [Moro National Liberation Front] Lost Command. The two also surrendered their firearms to the government.

Fifty people were killed and 50 others were wounded during the attack against the civilians in Ipil. The AFP officials suspect that the Abu Sayyaf and MNLF Lost Command groups were involved in the raid.

Philippines: Editorials Discuss 'Tin-Can Navy,' Vulnerable Territory

BK0502080896

[FBIS Summary] Manila PHILIPPINE DAILY INQUIRER in English on 30 January carries two editorials on page 6 that discuss the state of the Philippine Navy and the country's vulnerability to foreign intrusion.

A 500-word editorial entitled "Tin-Can Navy" comments on the recent naval clash between the Philippine Navy and suspected Chinese pirates.

It says: "This recent encounter again illustrates the sorry state of the tin-can Philippine Navy. It has about 100 ships and boats, mostly of World War II vintage, refurbished hand-me-downs from the Americans. A Philippine Navy report quoted by the ASSOCIATED PRESS said Philippine warships average 41 years of age, compared with 19 for the Indonesian navy and 13 for the Malaysian's.

"With these aging, decrepit boats armed with obsolete guns, equipped with poor navigational facilities, and insufficiently supplied with ammunition, the Philippine Navy is supposed to protect and defend the 34,600 kilometers of shoreline of the 7,100 islands of the Philippine archipelago. Why, even smugglers have faster boats and more sophisticated weapons than the Navy. Is it any wonder then that after only a few minutes of exchanging fire with the enemy, Philippine Navy boats disengage and steam for home? And is it any wonder that the Navy cannot efficiently carry out its function of stopping the smuggling of goods, logs, drugs, and human cargo?"

The editorial suggests that the formation of a strong navy should have been given high priority in our national defense program but that the Navy was neglected because the government depended on the charity and generosity of the United States for close to 50 years.

It adds: "And like people who give old clothes to poor relations, the Americans dumped their ageing, obsolete tubs on us. Our government planners never thought of acquiring modern ships with high-powered guns and missile systems because until about four years ago our source of war materiel was practically limited to the United States.

"Now that we have cast off old, sentimental ties with the United States (although the friendly relations and goodwill are still there), it is high time the government gave more attention to strengthening the country's defenses. And the Navy, which is sorely in need of reinforcement and refurbishing, should be given high priority."

A 300-word editorial entitled "Vulnerability" comments on the vulnerability of Philippine territory because of the status of the Navy.

It says: "A weak naval defense has placed our country in a very vulnerable situation. This has been pointed out by Defense Secretary Renato de Villa and Lt. Gen. Alfredo Filler, Armed Forces vice chief of staff.

"The intrusions come from Taiwanese and Malaysian fishermen poaching on Philippine waters, Filipino and foreign pirates attacking Philippine ships, smugglers of drugs and commercial and human cargo. Also intruding

on Philippine territory are ships smuggling arms into the trouble spots of Mindanao. The threats can come from China, Taiwan, Vietnam, Malaysia, and Brunei, all of which, together with the Philippines, are claiming the Spratly Islands.

"But the weakness of the Navy carries not only security and political but also economic implications for the country. In 1991, then Navy Chief Rear Adm. Mariano Dumancas estimated that the government was losing about P [pesos] 78 billion a year due to illegal fishing, illegal logging, and the exploitation of marine life. He said that unless the Navy was modernized, the economic losses and destruction would continue. If a modern Navy could plug this economic loophole, there would be no need to impose the expanded value-added tax or to pass new tax measures.

"Every year, on the occasion of Navy Day, government officials and politicians make calls for a stronger, more modern Navy but they do not put the money where their mouth is. The modernization moves will have to start in Congress which appropriates funds for the armed services. The Philippines, being an archipelago with a coastline longer than that of the United States, has no choice but to acquire some sea power, or else it will be powerless militarily, economically, and politically. Without a strong Navy, it will forever be the doormat of Southeast Asia."

Thailand

Thailand: Plans To Purchase More U.S. Tanks, Planes Reported

BK0502042196 Bangkok BANGKOK POST
in English 5 Feb 96 p 3

[Unattributed report]

[FBIS Transcribed Text] The Supreme Command plans to buy 17 used M60A3 tanks from the United States for the Navy's marine tank company which is to operate along the Thai-Cambodian border in Chanthaburi and Trat provinces, according to a highly-placed source in the Navy.

The Navy will set up a marine tank company at the Marine Corps headquarters in Sattahip, Chon Buri, since the Defence Council has approved its new structural plan.

The Marine Corps needs to have tanks of its own to operate along the Thai-Cambodian border in support of its ground troops without having to seek support from the Army.

The Supreme Command is considering buying 17 used M60A3 tanks from the US. Since the Army is also in the

process of procuring a number of M60A3 tanks from the US to replace its M41 tanks. The Supreme Command plans to buy them in the same order so that the price of each tank can be reduced to about 17 million baht the source said.

Navy Commander Adm Prachet Siridet said it is necessary for the Navy to have a tank company because its Chanthaburi-Trat Task Force is responsible for ground operations.

He said the Supreme Command is considering procuring M60A3 tanks for the Navy. But, if possible, the Navy would like to get lighter tanks which would be more suitable for the soft soil.

Adm Prachet also said he wants the tank company to become a battalion in the future.

Meanwhile, the Air Force expects the contract to sell eight F-18 jet fighters equipped with Advanced Medium-Range Air-to-Air Missiles (AMRAAM) to Thailand will be finalised in April.

Air Force Chief ACM (Air Chief Marshal) Siriphong Thongyai, reaffirming his confidence that the Air Force will eventually get the aircraft and missiles, said the US is likely to send the Thai Air Force a letter of acceptance with the relevant details this month.

"If we agree to it, the US will then send the final draft of the purchase contract for us to see, probably in April," said the Air Force chief.

However, he failed to give an exact date for the signing of the contract.

ACM Siriphong said the procurement of the F-18 jet fighters equipped with AMRAAM missiles was not being carried out to stockpile weapons in an effort to threaten any other country.

The Air Force wants to receive an initial order of 16 F18s and plans to procure the first eight jets with 10 billion baht from the 1996 budget and the rest with 8 billion baht from the 1997 budget.

The Thai Army will host the 20th Pacific Army Management Seminar in Bangkok between March 15 and 17.

Delegates from 20 countries will exchange views on the management of their armies in line with international standards.

The 19th Pacific Army Management Seminar was held in Hawaii.

Thailand: Article Says WTO Issues To Dominate ASEM Agenda

BK0502030096 Bangkok THE NATION in English
5 Feb 96 p A4

[Article by Chiwawat Na Thalang: "WTO Issues Dominate ASEM Agenda"]

[FBIS Transcribed Text] There are no permanent friends or foes in politics. That axiom aptly described the relationship between Asians and Europeans during the Uruguay Round of multilateral trade talks.

European Union members and Asians were good partners during the negotiations on financial services, joining forces and isolating the US from the interim agreement of the World Trade Organization (WTO). But when it came to farm subsidy cuts, some Asian nations sided with the Americans to undermine the EU's determination to protect home-grown commodities.

At the first-ever Asia Europe Meeting (ASEM), European and Asian leaders will again find the WTO agenda on the negotiating table. GATT (General Agreement on Tariffs and Trade) members concluded most of the deals in 1993, but there is still some unfinished business to be dealt with. They have yet to agree on three sectors, all of which are limited by a short time-frame.

Firstly, the members will have to conclude the agreement on the telecommunications sector this April. Then, they are scheduled to review talks on maritime transport in June. GATT members will also have to find a solution for the financial services deadlock, because the interim agreement on the financial sector will expire by the end of next year.

Daniel Descoutures, charge d'affaires for the European Commission in Bangkok, said, "That's why the ASEM needs to set priorities on the multilateral forum. The summit will have to act together to lead in the preparations for the first ministerial meeting of the World Trade Organization (WTO)."

The first WTO ministerial meeting, to be held in Singapore in December, will see how far its members have gone to comply with the trade liberalization requirements of GATT. The WTO meeting will also deal with some outstanding matters and discuss the future agenda of the WTO.

The EU hopes the Asia-Europe Meeting scheduled to be held from March 1-2, will put the Union on an equal footing in the world's most dynamic market with the United States, which has tried to exert its economic dominance through the Asia Pacific Economic Cooperation (APEC). The Europeans and Asians believe the first leadership meeting will create the necessary

political momentum to bind the two regions with follow-up action later on.

The US and East Asian countries already have a link via APEC. The EU and North America are connected by trans-Atlantic institutions. The EU also has signed a landmark framework accord to foster free trade with South America's four-country Common Market of the South (MERCOSUR).

Despite the lack of a formal link between the EU and Asia, European and Asian countries became well acquainted with each during the GATT trade talks.

ASEAN countries stood in an opposite corner to the European Union on the farm issue. ASEAN and the Americans were opposed to EU actions to weaken the farm subsidy reduction requirement of the GATT.

After the round was concluded in 1993, the EU and ASEAN countries, however, turned out to be cooperative partners on issues relating to the financial services deal.

In July last year, there was a major risk that financial services might not be a part of the GATT deal. The Americans refused to participate in the deal, saying that the offers from some countries did not go far enough for them to accept the multilateral agreement on the most-favoured-nation (MFN) clause.

"It was the ASEAN countries which first came to see Sir Leon Brittan, vice-president of the European Commission, and asked the EU not to remove the deal. The ASEAN initiative enabled the EU to convince Japan not to withdraw the deal from the MFN clause. It is the major achievement of the GATT," said Descoutures.

But as the interim agreement is about to expire, the EU is likely to urge Asians to improve their liberalization offers to convince the US to sign the new agreement in 1997.

Thailand, meanwhile, is prepared to raise the issue relating to the use of anti-dumping laws and countervailing duties with the EU.

The new WTO agreement provides for tougher and quicker action to resolve disputes over the use of anti-dumping laws, invoked by the US and Europe to impose penalties on foreign producers who are alleged to sell goods abroad at low cost.

Some Asian exporters, however, have complained that the lack of a transparent investigation procedure into the alleged anti-dumping cases by EU officials has hurt their business.

European Commission and Asian leaders may also raise the future agenda of the WTO, and, in particular,

the issue of competition policy, which relates to one country's ability to have real access to the markets of its trading partners. The EU has been irritated by the allegedly unfair business alliance system in Japan. The system, they charge, has created an unseen barrier against foreign competitors.

A European diplomat said the European Commission viewed effective enforcement of the anti-trust law as a basic feature of a market economy and as important a guarantor of access as a low bound import tariff.

The most ambitious element on the agenda would be a EU proposal to create an investment code similar to the one being discussed by members of the Organization for Economic Co-operation and Development (OECD).

The 25-members of OECD took up the initiative to create a set of international rules on foreign direct investment beyond what had already been agreed on by the GATT. It is based on the principle of treating foreign-owned businesses like local ones. In addition to removing obstacles to inward investors, such a move would clarify some of the ambiguity that surrounds their status and safeguard them against political and legal discrimination.

However, a Thai official said the commission's authority to negotiate on investment and services is legally unclear. He said he understood the Commission would only represent the EU in trade matters. Asians therefore might have to deal with the investment issue separately with individual countries of the EU.

Descoutures, nonetheless, noted that the OECD investment code was only a part of the dialogue. He said the message from the EU was simply to ask, "Are you [Asians] prepared to have a dialogue leading to set a rule at the WTO?"

The Thai official said Asians might also want to raise the same question when they meet the EU officials.

Asians have offered to open their markets to foreigners on the Most Favoured Nation basis for both members and non-members of APEC. But he asked why the EU had treated members differently from non-members.

Thailand: Government Receives 'Mediocre Scores' in Nationwide Survey

*BK0402094796 Bangkok BUSINESS DAY in English
3 Feb 96 p 1*

[Correspondent's report]

[FBIS Transcribed Text] The government's approval rating failed to scale any great heights in the latest Suan Dusit Ratchaphat Institute public survey, with

the Banhan Sinlapa-acha Administration racking up mediocre scores across the board.

The nationwide poll, conducted in January, surveyed the opinions of 40,273 individuals from all walks of life on the performance of the government over the last six months.

The public's dissatisfaction was most pronounced on matters relating to the economy and living conditions.

The government received a 59.01 percent dissatisfaction rating on its management of the nation's economy, with 40.99 percent of the survey respondents saying they were satisfied with the government's performance in economic affairs.

Slightly over 66 percent said they were not satisfied with the way the government is generally looking after the welfare of the people, while about 63 percent gave the thumbs down on how well the government is "paying attention to, and caring for, the people."

Prime Minister Banhan's work performance was rated by 23.44 percent of the survey respondents as "good", while 46.63 percent described his six-month track record as "unacceptable" and a further 29.93 percent felt that improvements were needed.

Among the ministers, Deputy Prime Minister Thaksin Chinnawat was ranked first with 45.46 percent of respondents describing his performance as "good" and a mere 14.78 percent describing his work as disappointing.

Nam Thai leader and Deputy Prime Minister Amnuai Wirawan followed Mr Thaksin in second place with 29.66 percent of people rating his performance as "good".

The poll was also designed to survey public opinion on "the government's sincerity". The results showed that 19.22 of respondents categorized the government's sincerity as "good", while 41.45 percent described the coalition's sincerity as "acceptable" and another 39.24 percent felt that improvements were needed.

Vietnam

SRV: UN Under-General Secretary Concludes Visit
BK0502081396 Hanoi VNA in English
0626 GMT 5 Feb 96

[FBIS Transcribed Text] Hanoi VNA Feb.4 — United Nations Under- general Secretary Giorgio Giacomelli today concluded a five-day visit to Vietnam, the first leg of his Southeast Asian tour.

While here, the UN under-general secretary who is also executive director of the UN Drug Control Programme

(UNDCP) together with Mr. Jorn Kristensen, UNDCP senior coordinator in Hanoi, held talks with Mr. Hoang Duc Nghi, Cabinet minister and head of the State Committee for Ethnic Affairs and Mountain Regions. The two sides exchanged information and views on issues relating to drug abuse in Vietnam. They also discussed UNDCP's assistance to Vietnam's implementation of programmes to combat the abuse of drug and to the latter's involvement in the regional drug control programme.

Mr. Giorgio Giacomelli signed two documents on technical cooperation between the UNDCP and Vietnam, namely the 'strengthening of national drug control coordination institutions and the alternative socio-economic development programme for replacement of opium poppy cultivation projects.

He discussed with officials of relevant Vietnamese and UN agencies on coordination and comprehensive cooperation in drug control activities in Vietnam and the region. He visited Hoa Binh Province where the government's opium eradication programme is being implemented and the Binh Trieu detoxification centre in Ho Chi Minh City.

The UN under-general secretary was received by Prime Minister Vo Van Kiet.

SRV: Vo Van Kiet Discusses Drug Control With UN Official

BK0302102896 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 1 Feb 96

[FBIS Translated Text] On the afternoon of 1 February, Prime Minister Vo Van Kiet warmly received His Excellency Giorgio Giacomelli, UN under-secretary general and executive director of the UN International Drug Control Program [UNDCP], who is now on a working visit to Vietnam.

His Excellency Giacomelli stressed the importance of cooperation in the region as well in the world community to prevent and suppress the narcotic disaster. The UN is always ready to cooperate and help Vietnam to implement programs to control social vices and to draw up a law on these issues. In return Prime Minister Vo Van Kiet affirmed the determination of the Vietnamese Government and people to prevent, control, and repel social vices, of which narcotics control is an important aspect.

Prime Minister Vo Van Kiet informed the excellency under- secretary general of the results of the narcotics control programs in Vietnam during recent years, and Vietnam's participation in narcotics control activities with countries in the region as well as with UN

organizations. Vietnam wishes to have the assistance from the UN in drawing up a law on this issue.

SRV: Cambodian Interior Minister Invited for Border Talks

BK0302101696 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 1 Feb 96

[FBIS Translated Text] The Cambodian national television network announced recently that at 1600 [local time] on 1 February at the office of the Ministry of Interior, His Excellency Sar Kheng, deputy prime minister of the Cambodian Royal Government and co-minister of the interior, received the ambassador of the Socialist Republic of Vietnam to Cambodia, Mr. Tran Huy Chuong.

Ambassador Tran Huy Chuong conveyed to His Excellency Sar Kheng the invitation of the Vietnamese Ministry of the Interior to a delegation of the Cambodian Ministry of the Interior for an official friendship visit to Vietnam.

According to the Cambodian national television, at the meeting the two sides also discussed a number of issues related to recent occurrences at the Cambodian-Vietnamese borders between the provinces of Svay Rieng and Tay Ninh. The two sides agreed to solve the border issue peacefully on the principle of the continued construction of a border of peace, friendship, and cooperation.

SRV: General Secretary Receives Portuguese Communist Delegation

BK0402132796 Hanoi Voice of Vietnam in English 1000 GMT 2 Feb 96

[FBIS Transcribed Text] The general secretary of the Vietnamese Communist Party, Do Muoi, on Thursday, 1 February, warmly welcomed the visiting delegation of the Portuguese Communist Party led by Mr. Carlos Carvalhas in Hanoi. Mr. Do Muoi wished the Commu-

nist Party of Portuguese new successes in its efforts to build the party. He also briefed his guest on the process of renovation now prevailing as well as of the importance of the coming Eighth Communist Party of Vietnam National Congress and the tasks of the Vietnamese revolution.

Mr. Carlos Carvalhas expressed joy at visiting Vietnam and hoped that traditional solidarity and friendship between the two countries would develop to a new dimension.

SRV: Radio Notes Participation in Asian Ministers Meeting

BK0402145096 Hanoi Voice of Vietnam in English 1000 GMT 4 Feb 96

[FBIS Transcribed Text] Foreign ministers of 10 Asian countries met in Phuket, Thailand from 1-3 February to prepare for the Asia-Europe summit to be held in early next month. The Vietnamese delegation headed by Foreign Minister Nguyen Manh Cam attended the meeting. During his stay there, Mr. Cam held talks with the new foreign minister of Japan, Mr. Yukihiro Ikeda, to exchange views on measures to promote the relations between the two countries.

SRV: Taiwan Investment Increases by 132 Percent in 1995

BK0402101996 Hanoi Voice of Vietnam in English 1000 GMT 3 Feb 96

[FBIS Transcribed Text] Taiwan doubled its investment in Vietnam last year to remain the country's largest investor. Taiwanese investment totalled \$1.2 billion, up by 132 percent against 1994. Bilateral trade rose 35 percent to \$1.3 billion last year. Over the last six years, Vietnam attracted \$3.58 billion of Taiwanese investment, mainly in textile, shoes making, food, and wood processing.

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